



KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2015

of

MESCOM

(Under MYT Framework)

on

**ANNUAL PERFORMANCE REVIEW FOR FY14
&
REVISED ARR & RETAIL SUPPLY TARIFF FOR FY16**

2nd March 2015

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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
APV	Above Poverty Line
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
ATL	Anti Theft Law
BBMP	Bruhut Bangalore Mahanagara Palike
BEE	Bureau of Energy Efficiency
BJ	Bhagya Jyothi
BMAZ	Bangalore Metropolitan Area Zone
MESCOM	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
CGR	Consumer Growth Rate
CGS	Central Generating Stations
CKM	Circuit Kilometre
CMD	Chairman & Managing Director
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CoS	Cost of Service
DA	Dearness Allowance
DC	Direct Connection

DC LINES	Double Circuit Lines
DCB	Demand Collection & Balance
DG PLANT	Diesel Generating Plant
DMS	Distribution Management System
DPR	Detailed Project Report
DRUM	Distribution Reforms, Upgrade & Management
DSM	Demand Side Management
DTC	Distribution Transformer Centre
EC	Energy Charges
EHT	Extra High Tension
EHV	Extra High Voltage
EOU	Export Oriented Units
ERC	Expected Revenue From Charges
ES&D CODE	Electricity Supply & Distribution Code
ESCO	Electricity Service Companies
ESCOMs	Electricity Supply Companies
FC	Fixed Charges
FDSC	Foreign Debt Service Charges
FEC	Fuel Escalation Charges
FAC	Fuel Adjustment Cost
FY	Financial Year
FEV	Foreign Exchange Variation
GESCOM	Gulbarga Electricity Supply Company
GFA	Gross Fixed Assets
GIS	Geographical Information System
Gol	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
MAT	Minimum Alternate Tax
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
PKCL	Power Corporation of Karnataka Ltd.,
PLF	Plant Load Factor
POCA	Power Purchase & Other Cost Adjustment
PPA	Power Purchase Agreement
PPCA	Power Purchase Cost Adjustment
PRDC	Power Research & Development Consultants
PTC	Power Trading Corporation
RE	Rural Electrification
RGVY	Rajiv Gandhi Grameena Vidyuth Yojana
R&M	Repair and Maintenance

RLMS	Rural Load Management System
ROE	Return on Equity
ROR	Rate of Return
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
SPV	Special Purpose Vehicle
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 2nd day of March, 2015

**Order on MESCOM's Annual Performance Review for FY14 and Revised ARR &
Retail Supply Tariff for FY16**

In the matter of:

**Application of MESCOM in respect of the Annual Performance Review for FY14
and Revised ARR & Retail Supply Tariff for FY16 under Multi Year Tariff framework.**

Present:	Shri M.R.Sreenivasa Murthry	Chairman
	Shri H.D.Arun Kumar	Member
	Shri D.B.Manival Raju	Member

O R D E R

The Mangalore Electricity Supply Company Ltd., (hereinafter referred to as MESCOM) is a Distribution Licensee under the provisions of the Electricity Act, 2003, and has on 08.12.2014 filed the following applications for consideration and orders:

- a) Approval of the Annual Performance Review for the financial year FY14 and Revision of ARR for FY16.
- b) Approval of the revised distribution and Retail Supply Tariff for the financial year 2015-16 (FY16).

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

INTRODUCTION

1.0 Brief History of MESCOM:

Mangalore Electricity Supply Company Ltd., (MESCOM) is a Distribution Licensee under Section 14 of the Electricity Act, 2003. MESCOM is responsible for purchase of power, distribution and retail supply of electricity to its consumers and also providing infrastructure for open access, wheeling and banking in its area of operation which includes four Districts of the State of Karnataka as indicated below:



1. Dakshina Kannada
2. Udupi
3. Chickamagaluru
4. Shimoga

MESCOM is a registered company under the Companies Act, 1956, incorporated on 30th April, 2002. MESCOM commenced its operations on 1st June, 2002, covering initially nine districts.

Subsequently, MESCOM was split into two companies namely MESCOM with headquarters at Mangalore covering five districts namely Dakshina Kannada, Udupi, Shimoga, Chikkamagauru and Kodagu and the Chamundeshwari Electricity Supply Corporation (CESC) with headquarters at Mysore covering four districts namely Mysore, Chamarajanagar, Mandya and Hassan. This came into effect from 1st April, 2005. Further, the Madikeri Division (Kodagu District) was transferred from MESCOM to CESC with effect from 1st April, 2006.

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

O&M Zones	O&M Circles	O&M Divisions
Mangalore Zone	Mangalore Circle	Mangalore Urban
		Mangalore Rural
		Puttur
		Bantwal
		Udupi
		Kundapur
	Shimoga Circle	Shimoga
		Sagar
		Bhadravathi
		Shikaripura
		Chikkamagaluru
		Kadur
	Chickamagalur Circle	

The O & M divisions of MESCOM are further divided into forty nine sub-divisions with each of the sub-divisions having two to three O & M section offices. There are 189 O & M accounting / non-accounting section offices.

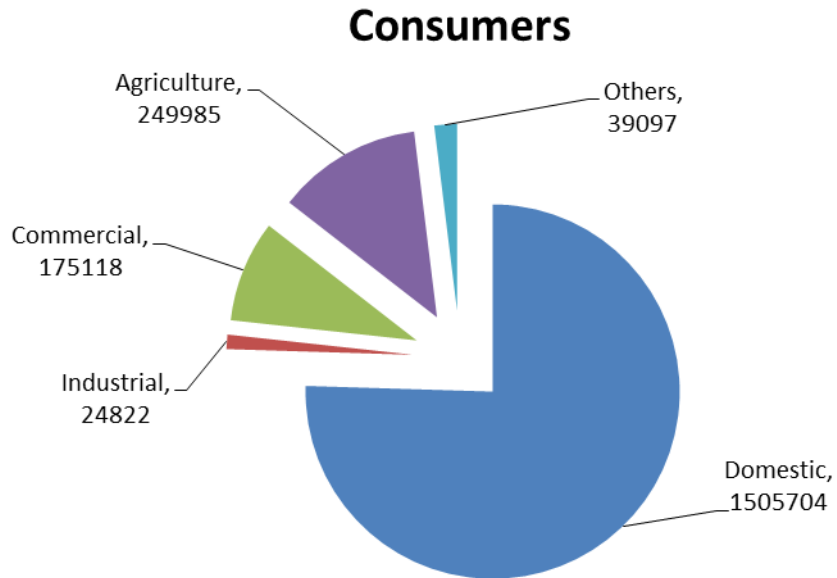
The section offices are the base level offices looking into operation and maintenance of the distribution system in order to provide reliable and quality power supply to MESCOM's consumers.

1.1 MESCOM at a glance:

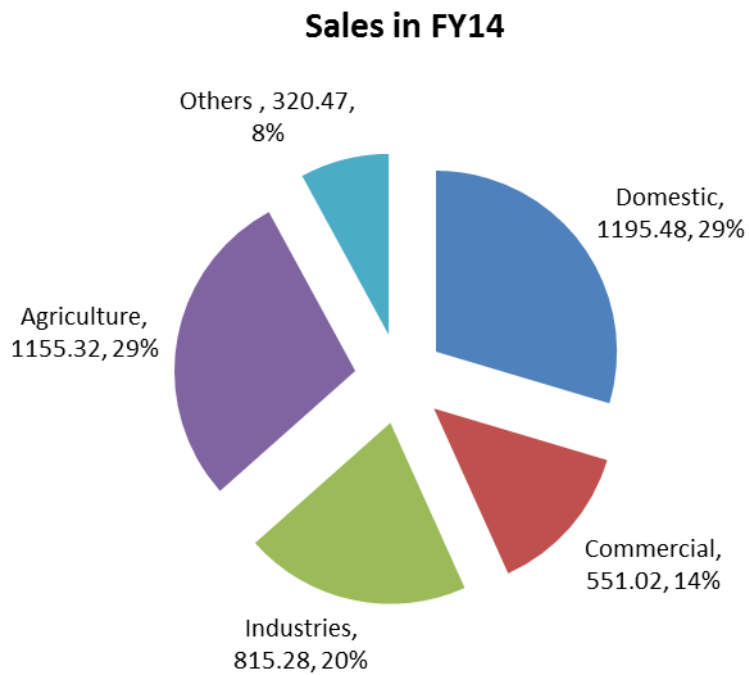
The profile of MESCOM is as indicated below:

Sl. No.	Particulars (As on 31.03.2014)		Statistics
1.	Area	Sq. km.	26222
2.	Districts	Nos.	4
3.	Taluks	Nos.	22
4.	Population	lakhs	61.55
5.	Consumers	lakhs	19.95
6.	Energy sales in FY14	MUs	4037.56
7.	Zone	Nos.	1
8.	DTCs	Nos.	44803
9.	Assets (including current assets)	Rs. in Crores	3228.25
10.	HT lines	Ckt. kms	29049
11.	LT lines	Ckt. kms	73414
12.	Total employees strength:		
A	Sanctioned	Nos.	6406
B	Working	Nos.	3707
13.	Revenue Demand in FY14	Rs. in Crores	1950
14.	Revenue Collection in FY14	Rs. in Crores	1967

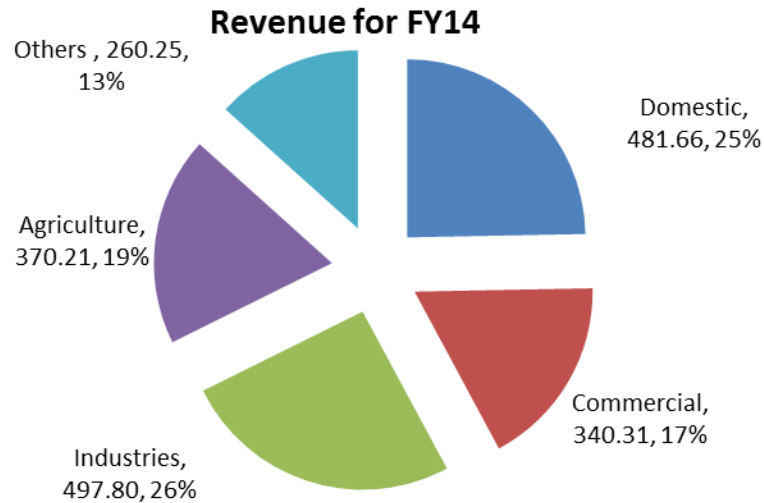
1.2 Number of Consumers, Sales in MU and Revenue Demand of MESCOM in FY14 :



Source: Audited Accounts for FY14 Total Consumers = 19, 94,726



Figures in MU & % Share as per Audited Accounts for FY14



Figures in Rs. Crs and % share as per Audited Accounts for FY14

MESCOM has filed its application for approval of Annual Performance Review for FY14, revised Annual Revenue Requirement (ARR) and Retail Supply Tariff for FY16.

MESCOM's applications, the objections / views of stakeholders thereon and the Commission's decisions on the approval of Annual Performance Review for FY14, Revision of ARR and the Retail Supply Tariff for FY16 are discussed in detail in the subsequent chapters of this Order.

CHAPTER – 2

SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

2.0 Background for Current Filing:

The Commission in its Tariff Order dated 6th May, 2013 had approved the ERC for FY14 to FY16 and the Retail Supply Tariff of MESCOM for FY14 under MYT principles for the control period of FY14 to FY16. MESCOM in its present application filed on 8th December, 2014 has sought approval for the Annual Performance Review (APR) for FY14 based on the audited accounts, Revised ARR for the 3rd year of the third control period i.e., FY16 and Revised Retail Supply Tariff for FY16.

2.1 Preliminary Observations of the Commission

After a preliminary scrutiny of applications, the Commission had communicated its observations to MESCOM on 12th December, 2014. The preliminary observations were mainly on the following points:

- Details to be furnished in formats
- Sales Forecast
- Power Purchase
- O&M Expenses
- Capex
- Interest and Finance charges

MESCOM in response has furnished its replies on 19th December, 2014. The replies furnished by MESCOM 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 30th December, 2014 treated the application of MESCOM as petition and directed MESCOM to publish the summary of ARR and Tariff proposals in the newspapers calling for objections if any from interested persons.

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

Name of the News Paper	Language	Date of Publication
INDIAN EXPRESS	English	2/1/2015
THE HINDU		
UDAYAVANI	Kannada	3/1/2015
VIJAYA KARNATAKA		

MESCOM's application on APR for FY14, revision of ARR and retail supply tariff for FY16 were also hosted on the web sites of MESCOM and the Commission for the ready reference and information of the general public.

In response to the application of MESCOM, the Commission has received one thousand nine hundred fifty three statements / letters of objections. MESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 10.02.2015 at Mangalore. The details of the written / oral submissions made by various stake holders and the response from MESCOM 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 held on 25th February, 2015. During the meeting the following important issues were also discussed:

- Projections of Power availability for FY16
- Performance of KPTCL / ESCOMs during FY14
- Major items of expenditure of KPTCL / ESCOMs

Members of the Committee have offered valuable suggestions on the proposals. The Commission has taken note of these suggestions while issuing the order.

CHAPTER – 3

PUBLIC CONSULTATION

SUGGESTIONS / OBJECTIONS & REPLIES

3.1 The Commission undertook the process of public consultation in order to obtain suggestions/views/objections from interested stake-holders on the Tariff Applications filed by MESCOM. In the written submissions as well as during the public hearing some Stake-holders and public have raised several objections to the Tariff Applications filed by MESCOM. The names of the persons who have filed written objections and made oral submissions are given below:

List of persons who filed written objections:-

Sl. No	Application No.	Name & Address of Objectors
1	MA-01 to MA-13	Sri. Ramakrishna Sharma & others, Shankarpura, Udupi.
2	MA-14 to MA-80	Sri. A.R. Udaya Shankar & others, Thirthahalli
3	MA-81	Sri. Balasubaramanya Bhat.J, Belthangady Taluk.
4	MA-82 to MA-250	Sri. M.K. Mallikarjuna Hedge & others, Thirthahalli.
5	MA-251	Sri Y.M. Ananda Kumar, Head (Technical), Mangalore SEZ Ltd.,
6	MA-252	Sri N.C. Gopinathan, Hon. General Secretary, KASSIA, Bengaluru
7	MA-253 to MA-308	Sri S.R. Vasudev & Others, Thirthahalli Taluk
8	MA-309	Sri P.N. Karanth, Kundapura
9	MA-310	Sri Jeevan Saldanha, Hon. Secretary, Kanara Chamber of Commerce & Industry, Mangaluru.
10	MA-311	Sri Udaya Kumar, Secretary, The Karnataka Coastal Ice Plant & Cold Storage Owners Association, Udupi.
11	MA-312	Sri Gaurav Hedge, Secretary, Kanara Small Industries Association (R), Mangaluru.
12	MA-313	Sri K.N. Venkatagiri Rao, Secretary, Consumers' Forum (R), Sagar.
13	MA-314 to MA-321	Sri Vishwanath Shetty, Secretary, Bharathiya Kissan Sangha, & Others, Udupi.
14	MA-322 to MA-345	Sri Eswar G & Others, Thirthahalli Taluk
15	MA-346	Sri D. Subrahmanya Bhat, Bantwal Tq, Dakshina Kannada Dist.
17	MA-347	Sri S. Sampathraman, President, Federation of Karnataka

		Chamber of Commerce & Industry, Bengaluru
18	MB-01 to MB-07	Sri. P. Ramachandra & others, Sagar.
19	MB-08 to MB-1606	Sri. Balakrishna Shetty & others, Udupi district
20	AE-01	Farmers from Kolar/ Chikkaballapur
21	AE-2	Sri M Subbanna, Bengaluru
22	AE-3	Sri Mekala Eshwara Reddy, President, Yuvasena Social Action Club, Ballari
23	AE-4	Sri B S Raghavendra Rao, Mysuru
24	AE-5	Doddanavar Global Energy Pvt Ltd, Bengaluru
25	AE-6	Sri C Girisha & others, Anekal
26	AE-7	Sri P B Mahesh, Anekal

List of the persons who made submissions during the Public Hearing on 10.02.2015.

SL.No.	Name & Address of Objectors
1	Sri Narasimha Nayak, President, Thirthahalli Irrigation Pumpset Users Association
2	Sri Ramakrishna Sharma, Udupi Zilla Krishika Sangha
3	Sri Kudi Srinivasa Bhat, Udupi Zilla Krishika Sangha
4	Sri Narayana Rao, Chief Engineer, HPCL.
5	Sri Devadas Shettigar Karnataka Coastal Ice Plant & Cold Storage Owners Association.
6	Sri K.N. Venkatagiri Rao, Balakedarara Vedike, Sagar
7	Sri B. Sathyanarayana, Bharatiya Kissan Sangha, Udupi
8	Sri Naveen Chandra Jain, Bharatiya Kissan Sangha, Karkala
9	Sri Srinivasa Kamath & Sri Ramachandra Bhat, KCCI, Mangaluru
10	Sri Bala Subramanya Bhat, Savayava Krishi Parivara
11	Managing Director, Mangalore Special Economic Zone (SEZ)
12	Sri M.G. Bharat, Electricity Users Association, Mudigere
13	Sri Rohan Shiri, Aam Aadmi Party
14	Sri Parameswarappa, Bharatiya Kissan Sangha, Chikkamagaluru
15	Sri Krishnamurthy Bhat, Farmers Foundation, Kedila
16	Sri Jayaraj Pai, KASSIA
17	Sri R. Eswar Raj, Mangaluru
18	Sri Sudata Jain, Akhila Bharatha Karmik Sangha.

The above persons have raised several issues concerning (i) Tariff related issues (ii) Quality of power supply & services (iii) Compliance of Commission's directives (iv) Wheeling & Banking and some of them have made certain specific requests. The following are the

suggestions/objections and comments received on various issues relating to MESCOM's tariff application and the response of MESCOM thereof:

3.2 Tariff Related Issues:

1. The tariff revision application is not filed by a person authorized under the Companies Act 1956. As per the provisions of Articles of Association of the applicant, its Board is empowered to delegate the powers only to a Committee or Committee consisting of its Directors and hence the Executive Engineer (EI), (RA) cannot legally file the applications or sign the papers to be filed before the Commission, in the absence of a duly executed power of attorney.

MESCOM's RESPONSE:

As per Clause 17 of the KERC (General & Conduct of Proceeding) Regulations, 2000, a representation or a petition and affidavit in support thereof, may be made before the Commission by an authorized employee. The authorization given to the Executive Engineer (Ee), Regulatory Affairs, is approved in the meeting of the Board of Directors. On the basis of the authorization given, the authorized signatory has filed the petition.

2. The application is not maintainable as it is not filed 120 days before the commencement of the next financial year as required by the MYT Regulations.

MESCOM's RESPONSE:

MESCOM has filed the petition for APR of FY14 and ARR and ERC of FY16 and Tariff for FY16 on 08.12.2014. MESCOM had sought extension of time for filing ARR and ERC of FY16 for computing the details of power availability and the Commission granted time up to 13.12.2014. MESCOM

has filed the petition on 08.12.2014, which is within the time extended by the Commission.

3. The Commission, while determining tariff or while considering passing of any expenses incurred by the licensee to the consumers, has to check such expenditure, before fixing the annual revenue requirement and determining the tariff. Capital expenditure incurred by MESCOM has not been subjected to Prudence check by the Commission. Any deviations in item wise capex incurred needs to be explained with respect to the approved capex.

MESCOM's RESPONSE:

The Commission is validating the proposals submitted by the ESCOMs before issue of the Tariff Orders and conducting prudence check of the expenditure.

4. Since, the people living in rural areas are mainly dependent on agriculture and small scale industries, it is difficult for them to bear the increased cost of electricity as proposed by MESCOM.

MESCOM's RESPONSE:

The cost of maintenance of distribution system, power purchase cost is increasing year on year and hence, it is essential to increase the tariff.

5. MESCOM has shown a gap of Rs.357.30 Crores for FY16 which includes a Regulatory asset of Rs.62.63 Crores of FY13. The Regulatory asset of Rs.62.63 Crores of FY13 should not be carried forward to FY16. A deficit of Rs. 50.99 Crores shown for FY14 should not be considered in the revision.

MESCOM's RESPONSE:

The Commission has passed Orders to carry forward the regulatory asset of FY13 to future years in 2 equal installments. The 1st installment along with the carrying cost is proposed to be recovered through Tariff revision for FY16.

6. The deficit for FY16 is stated to be Rs.243.68 Crores and MESCOM has not mentioned the amount of arrears to be recovered from local bodies. If the GoK pays the arrears, there would be no gap for FY16. The revision of tariff for MESCOM should be taken up only after considering the total shortfall by way of arrears not collected. MESCOM should not be allowed to levy such losses on the honest consumers.

MESCOM's RESPONSE:

Non-realization of revenue does not mean that, the amount is not taken into ARR. The amount is taken into consideration in the ARR of the previous year. Tariff sought is based on the revenue earned on accrual basis and not on actual recovery basis. Hence, tariff filing is in no way related to outstanding arrears. As the accounts are based on accrual basis, revenue demand would be of paramount consideration for the purpose of tariff determination

7. As per the tariff policy the tariff to be fixed should be within +/- 20 % of the "Cost to Serve". Since the cost to serve of MESCOM has not been approved by the Commission, it is not possible to verify whether the proposed tariff is within limits.

MESCOM's RESPONSE:

The implementation of "Cost to Serve" model would mean introduction of differential tariff among the ESCOMs and the differential tariff would be a policy matter of the Government because of its far-reaching implications on the consumers in the State. The report of the study conducted in

respect of the Cost to Serve Model is submitted to Government seeking clearance.

8. The solar water heater helps in bringing down the morning peak load. Hence the present solar rebate is to be continued or enhanced to Rs.100/-. MESCOM has not given the details as to how many installations are yet to be serviced with solar water heaters. Solar water heater rebate should not be extended for ever without periodical inspection by MESCOM. If such rebate is continued, the same may be extended to the consumers using biomass for water heating.

MESCOM's RESPONSE:

Rebates are being extended to the consumers as per the Tariff Orders of Commission. MESCOM is following the conditions of supply of Electricity of Distribution Licensees in the State of Karnataka (Clause No.4.02) regarding solar water heater. It is optional for the domestic consumers in rural areas to install solar water heaters.

9. The uniform tariff hike sought by all ESCOMs is not proper as the cost of distribution is different for different ESCOMs and each company has to make its own proposals considering the T & D Loss, collection efficiency, geographical features etc. The Tariff proposed by MESCOM does not reflect the Cost of Supply.

MESCOM's RESPONSE:

10. The Annual Revenue Requirement for FY16 has been arrived by considering the power purchase cost made available by M/s PCKL.
11. MESCOM gets a subsidy of Rs.4.49 per unit against its cost of power of Rs.6 per unit which works out to only 74.83 % of the cost it should have recovered. However, it recovers a cost of Rs.6.08 per unit for BJ/KJ

category and the difference between recovery in BJ/KJ category and IP sets is about Rs.1.59 per unit. MESCOM has not sought the hike in tariff for the IP sets of less than 10 HP capacity which is paid by GoK. The IP sets less than 10 HP capacity should also have the same tariff as proposed for BJ/KJ installation at Rs.6.08 per unit and GoK should reimburse the cost.

MESCOM's RESPONSE:

The GoK is extending tariff subsidy in respect of the energy consumption of IP sets upto 10 HP load (excluding Pvt. Horticultural Nursery, Coffee, Tea, Rubber Plantations) and in respect of BJ/KJ installations up to the consumption limit of 18 units. This has been indicated in Form-24 of the tariff petition.

12. Interest on belated payments should not be passed on to the consumers as it is due to the Company's fault in not making prompt payment and the non-release of subsidy by the GoK in time. As per the judgment of Hon'ble ATE, the State Commission is not bound to follow the audited accounts and should scrutinize the same and allow the expenditure only after prudence check.

MESCOM's RESPONSE:

The Commission is consistently disallowing the claims of MESCOM on the interest of belated payment of power purchase bills and the same has to be inevitably borne by MESCOM. However, due to problem in cash flows and for genuine reasons, MESCOM has paid the interest.

13. The Energy Balancing dues of the previous years are not settled by the other ESCOMs due to which MESCOM's finances have been affected. These amounts are not shown in the published accounts of other ESCOMs.

MESCOM's RESPONSE:

The energy balancing dues are reconciled up to FY-2013-14 among all ESCOMs on 08.01.2015 and 09.01.2015

14. Staff expenses have increased from Rs.4.59 Crores in FY13 to Rs.6.30 Crores in FY16.

MESCOM's RESPONSE:

No comments

15. MESCOM has not filed the tariff petition for APR of FY14 in accordance with the Company's Act 1956. The judgment of Hon'ble ATE in Appeal No.108 of 2010 and the consequential order of the Commission dated 17.10.2013 have not been adhered to and MESCOM has prepared accounts as per the Electricity Supply Annual Accounts Rules, 1985 which is no longer applicable. MESCOM has also not followed the directions of the Hon'ble ATE in Appeal No.46 of 2014 in so far as it relates to maintaining the accounts.

MESCOM's RESPONSE:

In Appeal No.108 of 2010 the main issue was on calculation of depreciation on the assets created out of Consumers' Contribution and Government Grants. Consequent to the order of the Commission, MESCOM has started implementing the provisions of Accounting Standard-12 from the Financial Year 2012-13 and stopped charging Depreciation on the assets created out of Consumers' Contribution and Government Grants. Also the depreciation charged on these Assets up to 2011-12 amounting to Rs.70.06 Crores was taken into credit in the Accounts for FY 2012-13.

16. In Appeal No. 46 of 2014, the State Commission has been directed to show the opening and closing figures of GFA along with break-up of equity and loan component in the tariff order. But, the directions are not

complied with. So also, MESCOM has not followed the judgment pertaining to capitalization of consumer security deposit.

MESCOM's RESPONSE:

MESCOM has detailed all the assumptions and calculations in the petition and the Commission will validate the same.

17. MESCOM has been allocated high cost power by the GoK which has resulted in increase of power purchase cost. Measures should be taken for optimum utilization of power from all generators, reduction of T&D losses & prevention of theft and misuse and installation of meters to all consumers. Abundant wind and solar energy is to be utilized for compensating shortage of power.

MESCOM's RESPONSE:

Power allocation to ESCOMs is done by the State Government.

18. The tariff petition is not filed in conformity with Regulation No. 2.8.2 and 2.8.3 of the MYT Regulations which requires MESCOM to provide additional information for the control period.

MESCOM's RESPONSE:

MESCOM has not furnished its response

19. MESCOM has not objected to the tariff proposal of KPTCL due to an understanding between MESCOM and KPTCL thereby, violating Condition No. 29.2 of the terms of license.

MESCOM's RESPONSE:

The Commission will decide the proposals submitted by KPTCL judiciously.

20. In order to claim higher subsidy from GOK and cross subsidy from other consumers, MESCOM has estimated the sales to IP sets and BJ/KJ installations. In the Annual Report for FY14 MESCOM had stated that, out of 247139 IP installations 172151 were metered and 74988 were unmetered. The consumption of metered IP sets was stated as 589.60 MUs and consumption of unmetered IP sets as 489.50 MUs, totaling to 1079.10 MUs and this does not match with the figures given in format D18. Since 70% of IP sets have been metered, while computing the total consumption, MESCOM should have proportionately extrapolated consumption recorded by 70% of metered IP Sets to the unmetered installations. The subsidy for BJ/KJ installations should be claimed as per the actual meter reading instead of estimating the consumption.

MESCOM's RESPONSE:

In case of IP sets the bills are being issued considering the meter reading. The consumption recorded in the sample DTC meter in the IP sets predominant areas, is considered to ensure correct billing to un-metered IP sets. Based on this data the subsidy is being claimed. In respect of BJ/KJ installation the consumption is taken as per DCB, which is the billed consumption.

21. The ESCOMs have furnished data to CEA that total number of energized IP sets is 1885489 whereas in the filing for APR for FY14 the same is stated as 2134409. This needs to be investigated.

MESCOM's RESPONSE:

MESCOM has submitted the correct statistics as per its records.

22. MESCOM's Consumer Security Deposit is capitalized pursuant to the State Government order. Hence, MESCOM should not claim RoE for the same and should not be allowed in ARR. The Commission should consider the total RoE for FY16 as Rs.62.216 Crores as against the claim of Rs.72.25 Crores (after deducting Rs.49.03 Crores from the actual capitalized amount of Rs.411.60 Crores at the beginning of FY16).

MESCOM's RESPONSE:

A portion of consumer security deposit was capitalized as per the Government directions and MESCOM is claiming the interest paid on Consumer Security Deposit and RoE as per the provisions of MYT regulations.

23. The security deposit on IP Set installations collected before August 2008 is to be paid interest and the same may be paid to any other installation of the IP set consumer or to his family members.

MESCOM's RESPONSE:

MESCOM can adjust the accrued interest on the deposit for the relevant installation for which the deposit was paid.

24. The bad debt of Rs.1.80 Crores and sundry expenses written off to an extent of Rs.9.90 Crores to be disallowed.

MESCOM's RESPONSE:

Bad debts is also a part of operating consequences in the sector, as MESCOM cannot ensure 100% recovery of the dues while dealing with lakhs of consumers

25. MESCOM is treating some of the generators as captive power plants based on the consumption of the energy by the shareholders. This has resulted in losing of surcharge on open access resulting in burden to the consumers.

MESCOM's RESPONSE:

MESCOM is following the orders of the Commission in collecting surcharge from the consumers who are under open access.

26. The Mangalore SEZ is not exempted from obtaining a license under section 14 of EA, 2003 and in the light of the decision of Hon'ble Supreme Court in M/s SESA Sterlite Limited, Vs. Orissa Electricity Regulatory Commission and others reported in 2014 (8) SCC 444 and the judgment of the Hon'ble ATE in Appeal No.206/2012. Since SEZ has not availed license from the Commission, the power supply to SEZ from MESCOM under HT Industrial tariff to cater to its consumers is not proper.

MESCOM's RESPONSE:

The Mangalore SEZL has submitted tariff petition to the Commission and the Commission is validating the same.

27. The Commission has to look into cost audit report (CRA-1), cost records as per subsection 1 of the section 642 read with sub-section (4) of section 233B and sub section (1) of section 227 of the Companies Act, 1956(1 of 1956) for the present tariff determination.

MESCOM's RESPONSE:

MESCOM is subject to cost audit and has submitted cost audit report to Government of India. The accounts of MESCOM are also verified and certified by the Statutory Auditors and by the C&AG of India.

28. Absolute subsidy being given to LT-4a category is not prudent as the National Tariff Policy & Electricity Act, 2003 envisage removal of subsidy and cross subsidy.

MESCOM's RESPONSE:

Extending free power supply to the IP sets is the policy of the Government. MESCOM is following the Tariff Order of the Commission.

29. The CERC has determined the tariff for the power purchased from UPCL power. The tariff should have been specifically approved by the State Commission as per section 62 of EA 2003 and judgment of Hon'ble ATE in the case of TANGEDCO Vs Penna Electricity Limited, (Appeal No. 112 of 2012). Hence, the cost incurred for power purchase from un-approved sources should not be passed on to the consumers.

MESCOM's RESPONSE:

The PPA between UPCL and ESCOMs has already been brought to the notice of the Commission. Hence, the Commission is aware of the fact of purchase of energy from UPCL and this has been approved by the Commission in its earlier tariff orders.

30. MESCOM has come out with highly unrealistic investment plan for FY16 which is unlikely to be implemented and therefore the Commission has to cap the capex to the MYT approved level.

MESCOM's RESPONSE:

Capital Investment Programme of MESCOM for FY16 was approved at Rs.208.23 Crores, but the addition to an extent of Rs.595 Crores is due to DTC metering, Replacement of Electromechanical meters by Static meters, NJY, RAPDRP, RGGVY 12th plan and Providing Infrastructure to regularized UIP sets. Accordingly, the Capital Budget for the FY16 works out for Rs.827.32 Crores, whereas the CAPEX proposed for regular works is Rs.232.33 Crores only.

31. The payment to generators made under section 11 should not be loaded to the distribution companies and their consumers.

MESCOM's RESPONSE:

Section 11(1) empowers the State Government to order for procurement of power under the circumstances mentioned therein. Section 11(2)

empowers the State Commission to determine the compensation payable to the generators who supply power under Section 11(1). The Section does not mention that the compensation is payable by the State Government. On the principles of equity, the person who has derived the benefits has to pay for the same and MESCOM has paid for such power.

32. The distribution losses are shown in the upward trajectory even though MESCOM is seeking significant increase in capital expenditure.

MESCOM's RESPONSE:

No comments received

33. As per the judgment of the Hon'ble ATE in SIEL Ltd Vs PSERC, MESCOM should have juxtaposed tariff revision of each class of consumer's subsidies and cross subsidies.

MESCOM's RESPONSE:

No comments received

34. The Commission has been increasing the tariff every year to see that no ESCOM makes losses. In spite of this and even after making a profit of Rs.12.60 Crores in FY13 and Rs.20.17 Crores in FY14, MESCOM has estimated a loss of Rs.357.30 Crores in FY16 and sought 80 paise increase in tariff which is not proper.

MESCOM's RESPONSE:

MESCOM has shown profit of Rs.20.17 Crores taking in to consideration the receivables from other ESCOMs to an extent of Rs.203.63 Crores. If this was not considered MESCOM would have shown a loss of Rs.239.86 Crores. The estimated gap for FY16 is arrived at Rs.357.30 Crores.

35. The Hon'ble ATE in its several judgments has specified that, the consumption from the unmetered installations should be disallowed. Accordingly, the unmetered consumption of MESCOM needs to be disallowed as it has failed to comply with the directives of the Commission to fix meters to all installations.

MESCOM's RESPONSE:

No comments received

36. Even though the Commission had not approved the money spent on employees Bonus, welfare fund and advertisement, MESCOM is trying to pass on this burden to the consumers.

MESCOM's RESPONSE:

No comments received

37. In the current filing there are several mismatches in formats A2 and A3 and the Commission should thoroughly scrutinize the same.

MESCOM's RESPONSE:

The Reserves and surplus amount shown in Form No A2 and A3 include the reserve for material cost variance. However, for computing RoE this is excluded. Hence the RoE as detailed in Para 6.7 of the application is correct. Regarding reworking of RoE considering 70:30 debt equity ratio, MESCOM has detailed all the assumptions and calculations considered in the petition and the Commission is validating the same.

3.3 Quality of power supply and Service:

38. Even though MESCOM has added transformers and lines in its network, the quality and reliability of power supply has not improved in rural areas due to lengthy LT lines and inadequate lineman staff to attend to the faults quickly. In rural areas voltage fluctuation is a common problem.

MESCOM's RESPONSE:

MESCOM is taking all steps to improve its distribution system and the maintenance works are taken up regularly. During monsoon, special gangs are formed for attending the line faults and are being monitored effectively. Last year 125 linemen were recruited and 301 linemen and 15 Station Attendants Grade-2 will be recruited shortly.

39. MESCOM has to set up a full pledged 24 hour Centralized Service Station with vehicle and adequate lineman staff at Baikampady industrial area.

MESCOM's RESPONSE:

24 hours Service Station is in operation in Baikampady industrial area.

40. Unauthorized connections are given to pump sets of arecanut growers to draw water from rivers / channels, although land is not converted for non-agricultural purpose, without penalty/ department charges there by misusing the facility provided by Government for free supply.

MESCOM's RESPONSE:

No comments received

41. MESCOM should introduce prepaid meters as per section 47 (5) of the Electricity Act 2003,

MESCOM's RESPONSE:

Introduction of prepaid meters on pilot basis will be examined by taking into account all the connected factors.

42. MESCOM is creating confusion by issuing bills even though the IP set consumption is free for the farmers and causing delay in servicing new IP set installations.

MESCOM's RESPONSE:

The bills for IP sets are issued to the consumers to create awareness that, the GoK is paying subsidy to their IP sets and the same is printed on the bill.

43. MESCOM has failed to control the theft / pilferage of electricity leading to high distribution losses. MESCOM should educate the consumers about vigilance activities and provide an opportunity to seek review of the penalty imposed by vigilance squad.

MESCOM's RESPONSE:

As per the existing rules, MESCOM is booking cases against the theft and un- authorized use of electricity. It has booked 1319 cases during FY14. Under the provisions of Electricity Act, 2003, MESCOM is booking cases against theft of Electricity. Provisions for appeal are provided in section 127 of the Electricity Act, 2003, on the penalty levied by the vigilance squad.

44. MESCOM is insisting the consumers to purchase meters on their own, which is against the provisions of Electricity Act, 2003 and creates inconvenience to the consumers.

MESCOM's RESPONSE:

MESCOM is providing meters to all consumers, but, in case of non availability of stock, MESCOM is insisting on purchase of meters by the consumers.

45. MESCOM has not indicated steps taken to improve its efficiency in distribution business so that, it could transfer the efficiency gains to the consumers.

MESCOM's RESPONSE:

No comments received.

46. MESCOM should procure and operate mobile escalators / vehicle mounted ladders for the industrial areas to avoid accidents while attending the faults and speedy attending of complaints.

MESCOM's RESPONSE:

No comments received.

47. In 26 villages in the areas of Sharavathi back-waters, there are frequent interruptions and during rainy season, power supply is available for 10 - 20 days only. This is mainly due to lengthy LT lines and few staff available.

MESCOM's RESPONSE:

The power supply discontinuity and interruptions to the places like Karooru and Bharangi is due to long 11kV lines passing through the forest areas and MESCOM is planning to set up 33kV substation in the vicinity within 12 months to improve the power supply.

48. MESCOM is resorting to unscheduled load shedding without the approval of the Commission. This has adversely affected the industries and it is requested to take suitable action.

MESCOM's RESPONSE:

The quality of supply has improved considerably in the last few years. However, unscheduled load shedding is resorted to, only when the power supply demand and the availability mismatches and during minimum maintenance.

49. MESCOM is providing permanent electricity supply to MS buildings without insisting on the occupancy certificate which is against the CoS. Hence, all such installations should be charged at Temporary Tariff till the occupancy certificate is submitted.

MESCOM's RESPONSE:

Power supply is being sanctioned to MS building as per the conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka.

50. MESCOM has introduced some arbitrary conditions for providing power supply to IP Sets in Belthangadi, Bantwal and Sullya taluks which is in violation of CoS.

MESCOM's RESPONSE:

MESCOM is providing power supply to IP sets as per the provisions of the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka.

3.4 Compliance of Commission's directives

51. MESCOM has not furnished the detail as to whether the peak load has reduced after the implementation of the ToD tariff. If the peak load has not reduced, the Commission may cancel the ToD compulsion and make it optional.

MESCOM's RESPONSE:

Fixing of ToD meters is to encourage the consumers to shift the load from peak hours to non- peak hours. The Commission may take a view on making the TOD tariff optional or otherwise.

52. MESCOM has not started installing time switches to street lights even after three years of directives issued by the Commission.

MESCOM's RESPONSE:

Maintaining the street lights is the responsibility of local bodies. However, MESCOM has addressed letters to the concerned authorities of local

bodies to install electronic timer switches to the streetlights duly explaining the benefits available there from.

53. MESCOM has not started Bachat Lamp Yojana till now.

MESCOM's RESPONSE:

Bachat Lamp Yojana is discontinued due to non-participation of CFL firms.

54. MESCOM has not started the NJY program till now.

MESCOM's RESPONSE:

MESCOM has proposed to take up NJY works in Shivamogga & Chikkamagaluru Districts. DPRs have been prepared for 11 subdivisions covering 132 NJY feeders in Shivamogga & Chikkamagaluru districts at a cost of Rs.226.86 Crores. The proposal is submitted to GoK. It is proposed to include NJY works under Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) as per the guidelines of REC.

55. The HT/LT ratio of MESCOM is at 1:2.54 and has to be brought down to 1:1 ratio as per the directions of the Commission.

MESCOM's RESPONSE:

The HT: LT ratio of distribution lines in MESCOM is 1:2:5. In spite of geographical constraints, MESCOM is making all efforts to reduce the ratio.

56. MESCOM has not shown any seriousness in complying with the directives of the Commission viz., HVDS, DSM in agriculture, DTC metering, reduction of distribution losses, reducing HT: LT ratio, energy audit, improving reliability, reducing accidents, installation of prepaid meters, Consumer

indexing, metering of IP sets & BJ/KJ and 100% metering of installations, GIS mapping and prevention of accidents.

MESCOM's RESPONSE:

MESCOM is making all efforts for compliance of the directives of the Commission, which is a continuous process. For DSM in agriculture, the survey work is yet to be completed in Puttur and Udupi Division. Energy audit is being carried out at feeder level. MESCOM has proposed to implement HVDS in one Hobli of Kadur Subdivision, for which DPRs are prepared for Rs. 30 Crores. MESCOM has proposed to include HVDS works under Deen Dayal Upadhyaya Gram Jyothi Yojana (DDUGJY) as per guidelines of REC. GIS mapping is being done in RAPDRP areas. MESCOM has furnished the details of electrical accidents (which is voluminous) in its published Annual Accounts.

57. MESCOM should conduct consumer awareness programs about saving of power, supply CFL and LED bulbs at concessional rates, set up of special task force to maintain the distribution lines and take timely action on consumer complaints. Soujanya Counters are not working properly and quality of service is poor. There is no display on the Notice Board of the mode and details of redressal of consumer grievances Rs.50 lakhs earmarked for consumer welfare is not used for the purpose and Rs.23 lakhs is spent. No consumer awareness activities have been taken up.

MESCOM's RESPONSE:

MESCOM has taken all efforts to redress the consumer grievances to their satisfaction. MESCOM will also take action to strengthen the Soujanya Counters. To redress the grievances of consumers district level CGRF have been established and wide publicity is given in leading newspapers for the information of general public.

3.5 Wheeling & Banking

58. Doddannavar Global Energy Private Limited (DGEPL) has requested for discontinuing cross subsidy charges levied on wind projects in the State as wind power cannot be traded in open market and should be supplied within the State. It has stated that, the ESCOMs are claiming the demand charges in the bills as well as factoring in the ARR calculations. It has requested that, wind power should not be considered as a open access power and cross subsidy is to removed for wind power and demand charges to be deleted.

MESCOM's RESPONSE:

The Commission has considered the proposals of ESCOMs for reintroduction of cross subsidy surcharge after detailed examination and revenue loss to MESCOM. The realization per unit under wheeling and Banking charges will be more than the generic tariff fixed by the Commission at Rs.4.20 per unit. The element of demand charges and cross subsidy charges is different and MESCOM is not collecting demand charges twice.

3.6 Specific requests:

59. KERC (Electricity Supply Code), 2004 should be amended in line with the Electricity (Removal of Difficulties) Order, 2005 under which the State Commissions were entrusted with the duty of specifying method of assessment of the electricity charges payable in case of theft of electricity pending adjudication by the appropriate court.

MESCOM's RESPONSE:

For theft of electricity the method of assessment is stipulated in Clause 42.06 of Conditions of Supply of Electricity of Distribution Licensees.

60. Government of Karnataka vide Order No EN 414 VSC 2014/P1 dtd. 14.07.14 has instructed all ESCOMs to collect a sum of Rs.10,000/- from the consumers of IP Sets who are seeking power sanction irrespective of sanctioned load. This Order should not be implemented.

MESCOM's RESPONSE:

To give infrastructure to IP set installations, a sum of Rs.10,000/- is being collected from IP set consumers as per Govt. direction.

61. There should be no discrimination in tariff for private, Government and government aided educational institutions since, the private institutions are also required to provide education up to 14 years age.

MESCOM's RESPONSE:

No comments

62. KASSIA has requested that the Service industries like private workshops should be categorized under LT5 category as in the case of KSRTC workshops and as adopted in KERALA.

MESCOM's RESPONSE:

Classification of consumers is done by the Commission and MESCOM will follow the Tariff Orders passed by the Commission.

63. The Commission had in the earlier tariff orders held that the cold storage units have to be treated as seasonal industries and provided certain concessions. However, MESCOM has not implemented the same. It is

requested to direct the ESCOMs to comply with the orders of the Commission and treat the units seasonal industry. The Electricity Tariff is comparatively higher than in Kerala, Goa, etc and the industry is suffering loss due to stiff competition. It is requested to adopt the methodology followed by the neighboring states of Kerala and Goa and fix a separate category for the cold storage industry situated in 5 km radius from the coastline. Also, the Ice plants and cold storage plants may be treated at par with agricultural installation or at par with coffee growers' tariff.

MESCOM's RESPONSE:

MESCOM is adopting the tariff decided by the Commission. If the Commission changes the tariff for the said category, MESCOM will adopt it.

64. Sri P.N. Karanth has stated that, although the LT2(b) tariff is applicable to Hospitals and Nursing homes as per the recent tariff order, MESCOM is not extending this benefit to Hospitals having X-ray, Scanning facility, Canteen and Drug shops on the pretext that, the said tariff is applicable only for lighting, heating and motive power.

MESCOM's RESPONSE:

Nursing homes and hospitals having X- Ray machines, canteen and drug shops are categorized under LT-3.

65. MSEZ being a distribution licensee is getting its power supply through 110 kV by investing in incoming cables. Hence, it should be provided supply at whole sale supply tariff at interface points as that of MESCOM. The tariff hike proposed by MESCOM for FY16 for HT2(a) consumers is significantly high and will create a disparity between the end consumers of MSEZ and MESCOM. Hence, MSEZ has requested for a separate tariff category without burdening the distribution loss suffered by MESCOM. MSEZ has

requested that, the power consumed by the tertiary treatment plant, river water conveyance system, waste water collection, treatment and disposal system should be charged at HT (1) tariff.

MESCOM's RESPONSE:

A prospective consumer who wishes to avail bulk power supply has to carry out all the related works within his premises at his own cost. These costs will not be treated by MESCOM in determination of cost of power supply to the consumers. Hence, the part of the cost incurred by MSEZL does not affect the cost of power supply of MESCOM. In terms of the supply of electricity to its consumers, MESCOM & MSEZL both are Licensees. So far MSEZL were availing power supply at HT-2(a) of tariff rates since May-2014, therefore the tariff rates are proposed accordingly. However, the cost will differ in terms of cost of power procurement and other overheads specific to the organization. Change of tariff category to the water supply & effluent treatment installations of MSEZL from HT-2(a) to HT-1 is up to be decided by the Commission and MESCOM will adhere to orders of the Commission.

66. Facility for Payment of Electricity bill through NEFT and RTGS should be allowed in MESCOM.

MESCOM's RESPPONSE:

MESCOM's consumers can pay their bills though ECS. On line payment system in RAPDRP town area is also being introduced

67. KASSIA has requested to provide independent feeders for industries to reduce the interruptions.

MESCOM's RESPPONSE:

MESCOM can work out the feasibility of providing independent feeders and will examine the same on specific application from the individual industries.

68. KASSIA has requested that the tariff of Software Companies should be in Commercial category as they have higher paying capacity.

MESCOM's RESPPONSE:

The tariff category will be decided by the Commission.

69. Auditoriums meant for artistic activities like, classical dance, music, Yakshagana etc., should be charged under separate category unlike marriage halls which are meant for commercial purposes.

MESCOM's RESPPONSE:

Auditoriums are charged under LT-3 (Theatres).

70. KASSIA has requested that Open Access facility should be provided to consumers with less than 1 MW demand.

MESCOM's RESPPONSE:

As per the provisions of open access, at present consumers with contract demand of 1 MW and above are eligible for Open Access.

71. Rebate of Rs.1.25 per unit has to be extended under ToD for use of power from 8 p.m. to 8 a.m.

MESCOM's RESPONSE:

The tariff modification is to be decided by the Commission.

72. The present limit of 67 HP for availing LT connection has to be increased to 100 HP.

MESCOM's RESPONSE:

The tariff category will be decided by the Commission.

73. Electrical supply should be provided to the islands of Kararu and Barangi in Sagar Taluk which have remained un-electrified.

MESCOM's RESPONSE:

Necessary action is being taken to electrify these remote villages under DDG.

74. MESCOM should be directed to collect fee/charges from the cable TV operators for the cable system using distribution poles.

MESCOM's RESPONSE:

MESCOM is collecting fee for use of its poles for fixing cables of TV network etc.

75. FKCCI has requested that High load factor industries need to be incentivized to attract investments by having a different category of tariff as practiced in other SERCs. A special category of tariff is to be created for energy intensive unties with demand more than 85% like, Ferro- alloy industries and foundries etc.

MESCOM's RESPONSE:

The Commission has to decide on new category for the high load factor consumers in the State.

3.7 During the Public Hearing, the following important issues were raised:

- 1) Out of nine Auto-Reclosure installed in Thirthahalli by spending Rs.50 Lakhs each, only four are in working condition. The capital expenditure has to be disallowed.
- 2) In Thirthahalli taluk, the distribution transformer failure is 32%. Hence, a transformer repair center should be established.
- 3) The electrical accidents are increasing due to supply and use of low quality material and improper maintenance.
- 4) Wooden poles should be replaced by RCC poles.
- 5) The insulators used in the new lines are failing causing frequent interruptions.
- 6) Low voltage problem prevalent in Udupi district should be attended.
- 7) IP set arrears prior to 2003 to be waived.
- 8) Harassment by vigilance staff should be stopped.
- 9) Collection of Rs.10000/- towards infrastructure charges from the farmers seeking new connection should be stopped. Instead, Rs. 1000 per HP should be collected.
- 10) ToD benefit should be extended between 6 p.m. to 6 a.m.
- 11) Arrange power supply to industries up to 100HP on LT basis as in Kerala.
- 12) Aerial bunched cables (A B Cable) should be used to reduce theft and loss.
- 13) Mobile escalators for the service vans to be provided in Baikampady industrial area for attending the complaints.
- 14) Facility of e-payment of electricity bills to be provided to HT consumers. Bill collection facility is to be provided in the section offices also.
- 15) Even though the loads are bifurcated into commercial and industrial in HPCL, the appropriate tariff is not charged.
- 16) Differential tariff should be determined for each ESCOM considering the consumer pattern, geographical location, paying capacity etc.,

- 17) The consumer meetings are not being held regularly in subdivision offices.
- 18) Consumer should be educated about, the facilities like, Soujanya counters, toll free numbers for lodging complaints, CGRF, energy conservation and applicable Regulations.
- 19) A consumer representative should be made a member in the State Advisory Committee of the Commission.
- 20) The prudence check conducted by the Commission to check the capex incurred by MESCOM should be made available to the Commission.
- 21) The substations infrastructure in the distribution company area should be improved.
- 22) 100% DTC metering should be completed within a specific time frame.
- 23) Even though the staff strength has decreased, the employee cost has increased year on year.
- 24) MESCOM has not furnished half yearly accounts for FY15.
- 25) Even though 98% of IP Sets are metered, MESCOM is estimating the IP Sets consumption instead of considering the actual meter reading data.
- 26) The tariff fixed for the power supply from UPCL is more than that of short term power purchase. MESCOM should be allotted more power from UPCL, so that, the power will be utilized locally.
- 27) IP Set consumption is accounted even during monsoon.
- 28) The coffee plantations use IP sets only during blossom season and hence the categorization under LT4(C) tariff is not proper.
- 29) There is no transparency in the functioning of Vigilance Squad.
- 30) The bill amount paid through ATP machine is siphoned off by miscreants and the consumer are forced to pay the bill amount once again.
- 31) Several members of the public and organisations like FKCCI have expressed the view that assessment of consumption by ESCOMs as supply made to IP sets is exaggerated, and a part of the commercial losses including deficient billing of power supplied to consumers and

unauthorised use / theft of power is possibly included in the quantum of energy assessed as IP set consumption. They have urged that measures should be put in place urgently for ensuring a more accurate assessment of IP sets energy consumption as well as detection of commercial and technical losses in the area of each ESCOM.

3.8 Commission's Views:

The Stake-holders have raised several issues concerning the filing of application, compilation of accounts by ESCOMs, classification of tariff, improving the distribution efficiency including reduction of losses etc., The Commission is of the view that most of these issues are dealt with in the Chapter dealing with Directives and compliance elsewhere in this Order. Views of the Commission on the issues raised pertaining to Tariff are given below:

Regarding the Petition for revision of tariff not being filed by an authorized person of MESCOM and delay in filing the petition:

The Commission notes that, as per Clause 17 of KERC (General and Conduct of Proceedings) Regulations, 2000, a representation or a petition with an affidavit in support of the same made before the Commission by a Licensee through an authorized employee is valid, maintainable and not liable to be rejected. Therefore, the contention that, the application has not been filed by an authorized person is not correct. The application filed by the General Manager (F&T), Corporate Office, MESCOM is accepted by this Commission.

Delay in filing of Application:

MESCOM has filed its petition for tariff revision for FY16 on 8th December, 2014 within the time limit extended by the Commission. The Commission relies on the observation made by the Hon'ble Appellate Tribunal for

Electricity (ATE), in the Case reported in 2010 ELR (APTEL) 0175 that “if the Licensee is unable to file ARR petition due to some reasons, it will not be proper to say that the application has to be rejected. What could be done in such situation is that the carrying cost can be denied and not the revenue recoverable for the period of delay”. In the present case, the revenue requirement sought is from 1st April, 2016 and therefore, the time taken by MESCOM for filing the application will not adversely affect the Consumers' interest.

Regarding Prudence Check of Capex:

The Commission is undertaking prudence check of capex at the time of approval of APR.

People in rural areas are unable to bear the increase in Cost:

The increase in the cost of supply has to be borne by all the consumers in order to ensure financial viability of the ESCOMs.

Regulatory Asset not to be carried forward to ARR of FY16:

In the Commission's Order dated 12th May 2014, it was decided to treat a part of the deficit as Regulatory Asset, to be recovered over the next two years i.e FY16 and FY17. A part of the regulatory asset set by the Commission in its tariff order dated 12th May, 2014 has to be included in the ARR of FY16. As per Orders of the Hon'ble ATE in OP No.1/2011 dated 11.11.2011, the Regulatory Asset can be carried forward for a maximum of three years. Also, after undertaking the Annual Performance Review (APR) based on audited accounts, the net deficit or surplus has to be carried forward to the next ARR.

Regarding improving the collection efficiency to reduce the Gap in Revenue:

The non-realization of arrears of local bodies will not affect the working results of the Company. However, timely recovery of these arrears will

result in better cash flows, enabling the Company to discharge its current liabilities. Nevertheless, the Commission notes with concern, the huge accumulation of arrears from local bodies in MESCOM and directs MESCOM to pursue the matter with the Government to recover the same at the earliest.

Regarding non-approval of MESCOMs “Cost to Serve” and limiting the tariff to plus or minus 20% of the cost of supply.

As per the Tariff Policy the tariff should be within the range of +/- 20% of the average cost of supply. But due to difference in the average cost of supply for different consumer categories, bringing tariff in line with the Tariff Policy norms of +/- 20% has to be achieved in a phased manner which, otherwise may result in heavy burden to some of the Consumers.

The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage levels. However, average cost is determined by the Commission in the Tariff Order.

Use of Solar Heaters and enhancing the solar rebate to Rs.100:

The Solar water incentive has been introduced to encourage more no. of people to use solar water heaters. The Commission is not in favor of increasing the solar rebate. Extending the incentive to the people using biomass for water heating is not practicable.

Request for uniform tariff hike is not proper:

The figures furnished by MESCOM are based on its own projection of power purchase and other costs for Fy16. However, the fixation of tariff is based on the actual figures as per audited accounts and the projections made for the next year with reference to the actuals. The Commission would do due diligence before accepting the claims of MESCOM.

Tariff increase not requested for IP sets of 10 HP & below:

As per the tariff application, MESCOM has sought tariff increase of 80 paise to IP sets of 10 HP & below.

Interest on belated power Purchase payment not to be allowed:

The Commission is not allowing any interest on the delayed payment of power purchases in the ARR. The Commission is allowing only the interest on working capital as per norms prescribed in the MYT Regulations.

Non- settlement of energy balancing dues:

Though ESCOMs have completed the reconciliation of energy balancing dues, the inter-ESCOM claims should be settled in a time bound manner. The Commission has requested the GoK to make necessary adjustments in the ESCOM's subsidy claims and to release the subsidy to the respective ESCOMs so that the huge outstanding amounts under energy balancing are brought down. ESCOMs shall pursue this matter with the GoK.

Increase in staff expenses:

One of the main reasons for increase in staff expenses is the increase in Dearness Allowance and the increments payable to the staff. However, the O & M expenses are being allowed as per the norms stipulated in the MYT Regulations.

Regarding filing of Application as per Companies Act and ATE order in Appeal No.46 of 2014.

MESCOM's reply is in order.

Non-compliance of ATE Order in Appeal No. 46/2014.

The Hon'ble ATE in Appeal No. 46 of 2014 has delivered its judgment on 17th September 2014 and has ordered compliance of certain issues in the tariff orders to be issued after 17th September 2014. Hence the Commission has complied with the directions in this order other than voltage wise cross subsidy to voltage wise cost of supply for the reasons noted under Chapter – 6 of this order.

Increase in cost due allocation power of high cost power by the Government and optimum utilization of power from all generation sources:

It is observed that the State Government is allocating power among ESCOMs 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 and targets for reduction of losses and other directives to improve the operations are being given to the licensees..

Regarding non-filing of petition as per Chapter-2, Clause 2.8 & 2.83 of MYT Regulations:

MESCOM has filed its application as per the provisions of the MYT Regulations.

MESCOM has not objected to the tariff proposal of KPTCL due to an understanding between MESCOM and KPTCL:

It is the discretion of the ESCOMs/ other stakeholders to file objections or otherwise. In any case, the Commission, while approving the tariff, will consider all the objections received from the interested persons/ stakeholders.

Inconsistency in IP sets Consumption:

The Commission would consider the IP set consumption as per the audited accounts while carrying out the APR and best estimates are considered for projecting the consumption for future years, However, the Commission has directed the ESCOMs to furnish the IP set consumption as per the actual meter reading data of the bifurcated feeders, once the feeder segregation work is completed.

Capitalization of Consumer's Deposit:

The Commission has not allowed any RoE on the Capitalized consumer's deposit in this order.

Payment of interest on IP set's deposits:

MESCOM's reply is in order.

Disallowance of bad debts and sundry expenses:

The Commission has been adopting a consistent policy on allowing these expenses as per actuals, without considering the provisions.

Loss of surcharge due to captive consumption:

Treatment of consumption by the captive consumers is governed by the provisions of the Electricity Act.

License to Mangalore SEZ:

The Mangalore SEZ is a deemed licensee as per the GoI Notification dated 3rd March, 2010 and the Commission is dealing with its tariff application separately. Also deemed licensees can procure power from any available source including MESCOM.

Tariff Determination as per section 642 of the Companies Act:

The determination of tariff of licensees is governed by the provisions of the Electricity Act and the Regulations issued by the Commission.

Payment of subsidy to IP sets is not prudent:

Providing free power to the farmers through subsidies is the policy decision of the Government of Karnataka and the licensees have to carry out the policies of the Government.

Tariff of UPCL determined by CERC and not by KERC:

The UPCL is an inter-state power producing company, having PPA with other states for selling part of the power produced by it. Hence, as per

Electricity Act, CERC is the Appropriate Commission for determination of tariff of UPCL.

Unrealistic investment plan for FY16:

The Commission would exercise due diligence while approving the capex which is again subject to prudence check after completion of work.

Payment made under section 11, not to be passed on to Distribution Companies:

The ESCOMs are required to pay for the power purchased by them to meet the shortage of power. The proposal not to pass on these costs is against the provisions of the Electricity Act 2003.

Unmetered consumptions to be disallowed:

The Commission notes that, except the IP sets of 10 HP and below, all the other installations are metered. The Government, as a policy, has been paying subsidy to these installations and meeting the costs thereon.

Payment of Bonus, ex-gratia to employees:

The Commission is approving the O & M expenses as per the norms specified in the MYT Regulations. The Commission is not allowing the actual expenses incurred by MESCOM. If MESCOM is paying these expenses without Commission's approval, the same have to be absorbed by it.

Several Mismatches in A-2 and A-3 Formats:

The figures furnished by the Licensees are scrutinized thoroughly before the issue of Orders by the Commission.

Voltage fluctuations and poor quality of power in rural areas:

MESCOM's reply is in order.

24 hours call centers at Baikampady Industrial Area:

MESCOM's reply is in order.

Un-authorized connections to pump-sets

This is not a relevant matter to be dealt with here.

Introduction of pre-paid meters:

MESCOM has stated that introduction of prepaid meters on pilot basis will be examined. The Commission is of the view that pre-paid meters should be encouraged as it will ensure collection of revenue in advance to MESCOM.

MESCOM creating confusion by serving bills to IP sets:

MESCOM's reply is in order.

High distribution losses due to theft / pilferages in MESCOM:

MESCOM's reply is in order.

Steps to improve efficiency in distribution business:

The Commission has been issuing directives for improvements of performance of the licensees and regularly monitoring their compliance.

Procurement of equipments for attending to consumer complaints:

Commission notes that MESCOM has not furnished its response on this. The Commission is of the view that MESCOM should procure necessary

equipments for speedy disposal of complaints as also the safety equipments to its personnel for avoiding risks to life while attending to the complaints.

Frequent interruptions in Sharavati back-waters area:

MESCOM shall attend to such problems on priority.

Un-scheduled Load shedding by MESCOM:

MESCOM's reply is in order.

Supply to MS buildings without insisting on occupancy certificate:

MESCOM's reply is in order.

Introduction of arbitrary conditions for supply of power to IP sets in Beltangadi etc.,

MESCOM's reply is in order.

Regarding results of ToD tariff:

MESCOM's reply is in order.

Installing time switches to street light installations:

MESCOM should coordinate the matter with the local bodies for installing time switches.

Non- implementation of Bachat Lamp Yojana:

MESCOM's reply is in order.

Non- implementation of NJY schemes:

MESCOM's reply is in order.

Regarding maintaining HT: LT Ratio:

MESCOM's reply is in order.

Non-compliance of Commission's directives on HVDS DSM etc.,

The Commission has been issuing directives implementation of DSM measures and regularly monitoring their compliance by the licensees.

MESCOM to conduct Consumer awareness programs on CFL and LED etc.,

MESCOM's reply is in order.

Procedure for assessment of charges payable in case of theft:

Assessment of charges for theft of energy is covered under Conditions of Supply. In case any amendments are required, the aggrieved persons may propose it to the Commission.

Collection of Rs.10,000 for Regularization of un-authorized IP sets:

MESCOM's reply is in order.

Differentiation in tariff of Govt. & private educational Institutions:

Since the fee structure in the Government and private educational institutions is different, they cannot be treated equally in tariff matters.

Service Industries like private workshops to be categorized under LT-5:

Private workshops and small industries using motive power are being classified under LT-5 installations.

Higher tariff for cold storage units:

The seasonal industries are given concessional tariff subject to fulfilling certain conditions by the consumers. If the consumers have fulfilled the conditions, there is no reason as to why they should be denied of the benefits. As regards the higher tariff, the tariff is dependent on the cost of supply and hence varies from one State to another.

Payment of bills through NEFT and RTGS

Subject to feasibility MESCOM may examine these suggestions in the interest of consumers.

KASSI's request to provide independent feeders:

MESCOM's reply is in order.

KASSI's request to charge commercial tariff to software companies:

The GoK has taken a policy decision to charge industrial tariff to IT/ BT companies based on the certificates being issued by the Industries Department.

Request for charging Auditoriums meant for artistic activities to charge at a separate tariff:

The Commission is not in favor of increasing the no. of categories for the present.

Open Access facility for consumers of less than 1 MW:

The present Regulations provide for extending open access up to one MW only.

Extension of ToD Tariff during 8 pm to 8 am:

The Commission is not in favor of changing the existing arrangement in the interest of ESCOM's finances.

Increase in present limit of 67 HP to 100 HP for availing LT power supply:

For technical reasons it is not feasible to increase the limit.

Electrification of islands of Kararu and Barangi in Sagar Taluk:

MESCOM may look into this request.

Collection of fees from cable operators for using distribution poles:

MESCOM has furnished reply on this.

Incentive to high load factor industries:

The tariff approved by the Commission does provide for high voltage rebate for industries availing power at voltage higher than 13.2 KV.

3.9 Response to objections raised during Public Hearing:

MESCOM has furnished replies to the objections raised during the public hearing held on 10th February 2015. Most of the issues raised by the objectors are covered under the replies and commission' views discussed above.

The Commission however directs MESCOM to look into the objections and address them if they are not already covered. The Commission also has taken note of the objections while deciding on the tariff revision in this order.

In the matter of assessment of power consumption by irrigation pump sets, the Commission had asked the ESCOMs to meter the consumption of IP sets on a sample basis and compare the data obtained from DTC meters catering predominantly or exclusively to IP sets. More recently the Commission had asked the ESCOMs to base their assessment by recording the power supplied to exclusively agricultural feeders which have been now separated from the composite rural feeders under the feeder segregation programme called Niranthara Jyothi Yojana (NJY). This

approach would enable reasonable assessment of consumption by IP sets.

CHAPTER – 4

ANNUAL PERFORMANCE REVIEW FOR FY14

4.0 *MESCOM's Application for APR for FY14:*

MESCOM, in its application dated 8th December, 2014, has sought approval of its Annual Performance Review (APR) for FY14 based on the Audited Accounts for the year.

The Commission in its letter dated 12th December, 2014 had communicated its preliminary observations. MESCOM, in its letter dated 19th December, 2014 has furnished its replies to the preliminary observations of the Commission.

The Commission in its Multi Year Tariff (MYT) Order dated 6th May, 2013 had approved MESCOM's Annual Revenue Requirement (ARR) for FY14 – FY16. Further, in its Tariff Order dated 12th May, 2014, the Commission had approved the APR for FY13 and had revised the ARR for FY15 along with Retail Supply Tariff for FY15.

The Annual Performance Review for FY14 based on MESCOM's Audited Accounts is discussed in this Chapter.

4.1 *MESCOM's Submission:*

MESCOM has submitted its proposals for revision of ARR for FY14 based on the Audited Accounts as follows:

TABLE – 4.1
Revised ARR for FY14 – MESCOM's Submission
Amount in Rs.Crs.

Sl. No	Particulars	As Filed 08.12.2014
1	Energy @ Gen Bus	4769.69
2	Transmission Losses in %	3.88%
3	Energy @ Interface in MU	4584.63
4	Distribution Losses in %	11.93%
	Sales in MU	
5	Sales to other than IP & BJ/KJ	2902.54
6	Sales to IP & BJ/KJ	1135.03
7	Total Sales	4037.56
	Revenue at existing tariff in Rs.Crs	
8	Revenue from tariff and Misc. Charges	1580.13
9	RE Subsidy	372.57
10	Total Existing Revenue	1952.70
	Expenditure in Rs.Crs	
11	Power Purchase Cost	1484.68
12	Transmission charges of KPTCL	182.87
13	SLDC Charges	1.33
14	Power Purchase Cost including cost of transmission	1668.88
15	Employee Cost	222.84
16	Repairs & Maintenance	20.11
17	Admin & General Expenses	46.33
18	Total O&M Expenses	289.28
19	Depreciation	54.71
	Interest & Finance charges	
20	Interest on Loans	46.01
21	Interest on Working capital	10.34
22	Interest on belated payment on PP Cost	93.22
23	Interest on consumer deposits	29.74
24	Other Interest & Finance charges	3.33
25	Less interest capitalised	2.51
26	Total Interest & Finance charges	180.13
27	Other Debits	13.18
28	Net Prior Period Debit/Credit	-1.89
29	RoE	51.12
30	Provision for taxation	0.47
31	Funds towards Consumer Relations/Consumer Education	0.23

32	Other Income	252.42
33	ARR	2003.69

Considering the revenue of Rs.1952.70 Crores against a net ARR of Rs.2003.69 Crores, MESCOM has reported a gap in revenue of Rs.50.99 Crores for FY14.

4.2 MESCOM's Financial Performance as per Audited Accounts for FY14:

An overview of the financial performance of MESCOM for FY14 as per their Audited Accounts is given below:

TABLE – 4.2
Financial Performance of MESCOM for FY14

Amount in Rs.Crs.		
Sl. No	Particulars	FY14
	Receipts	
1	Revenue from Tariff and misc. charges	1577.67
2	Tariff Subsidy	372.57
3	Total Revenue	1950.24
	Expenditure	
4	Power Purchase Cost	1484.68
5	Transmission charges of KPTCL	182.87
6	SLDC Charges	1.33
7	Power Purchase Cost including cost of transmission	1668.88
8	O&M Expenses	289.51
9	Depreciation	54.98
	Interest & Finance charges	
10	Interest on Loans	46.01
11	Interest on Working capital	10.34
12	Interest on belated payments on PP Cost	93.23
13	Interest on consumer deposits	29.74
14	Other Interest & Finance charges	3.33
15	Less interest and other expenses capitalized	2.51
16	Total Interest & Finance charges	180.14
17	Other Debits	13.38
18	Net Prior Period Debit/Credit	(1.88)
19	Other income	254.96
	Net ARR	1950.04

As per the Audited Accounts, MESCOM has earned a profit of Rs.0.20 Crores for FY14. The profits / losses reported by MESCOM in its audited accounts in the previous years are as follows:

Particulars	Amount in
	Rs.Crs
Net profit as at the end of FY10	50.73
Profit earned in FY11	1.70
Profit earned in FY12	6.41
Profit earned In FY13	12.60
Profit earned in FY14	0.20
Accumulated profit as at the end of FY14	71.64

As reflected in the Balance Sheet for FY14, considering the profits earned in the previous years, the accumulated profit amounts to Rs.71.64 Crores.

Commission’s analysis and decisions:

The Annual Performance Review for FY14 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 6th May, 2013. The item wise review of expenditure and the decisions of the Commission thereon are as discussed in the following paragraphs:

4.2.1 Sales for FY14:

1. Annual Performance Review for FY-14

MESCOM in its proposal for FY-14 had requested for total sales [including sales to KPCL] of 4252.63 MU. The Commission in its Tariff Order 2013 had approved total sales to various consumer categories at 4128.17 MU. The Actual sales of MESCOM as per the annual accounts is 4004.15 MU

indicating a short fall in sales to the extent of 124.02 MU with respect to the approved sales.

It is noted that, as against approved sales of 2991.84 MU to categories other than BJ/KJ and IP sets, the actual sales achieved by MESCOM is 2869.13 MU, resulting in lower sales to these categories by 122.71 MU. On the other hand MESCOM has sold 1135.02 MU to BJ/KJ and IP category against approved sales of 1136.33 MU. The actual share of sales to categories other than BJ/KJ and IP sets is 71.86% as against the estimated share of 71.25% resulting in 0.61 percentage point increase in share to these categories, while the actual share of sales to BJ/KJ and IP sets categories has decreased by the same percentage points.

The Commission has noted that, in the year FY14, the sales to categories other than BJ/KJ and IP sets has grown at a rate of 8%, while the remaining categories have grown at 6%, with an overall sales growth of 7%.

The Commission in its preliminary observations had noted that, the major categories other than IP Sets, contributing to the reduction in sales are LT - 2(a) (83 MU), LT-3 (57 MU) and HT Commercial (94 MU).

MESCOM in their replies has stated that:

- a) In case of LT domestic, LT commercial and LT industries categories there is a reduction in growth rate since FY12 (LT domestic growth rate has reduced to 6.39% in FY14 from 7.13% in FY12, LT commercial has reduced to 3.49% in FY14 from 9.11% in FY12 and LT industries has shown a negative growth of 1.66% in FY14 as against 2.54% in FY12).
- b) Regarding shortfall under HT2(b) category, it is informed that majority of installations relating to Hospital and Educational Institutions have been shifted from HT2(b) to newly formed HT2(c) category.

The Commission notes from the data furnished that there is a decreasing growth trend in respect of LT commercial and LT industries. Considering the reply furnished, if the consumption under HT2(c) is considered, the HT2 (b) consumption would be 270 MU against 257 MU approved i.e. more than the approved.

The Commission directs MESCOM to work out a strategy to increase the proportion of sales to revenue earning categories. Since the year FY14 has ended, the Commission approves the actual sales of 4004.15 MU.

4.2.2 Sales to IP Sets:

The specific consumption of IP Sets approved by the Commission for FY14 was 4597 units/installation/annum, whereas the actual specific consumption arrived at on the basis of the consumption reported by the MESCOM works out to 4622 units / installation /annum which indicates a slight increase in specific consumption by 25 units / installation /annum. The sales quantity approved by the Commission for FY14 was 1117.77 MU and the actual consumption was 1122.68 MU. However, the quantum of sales to IP Sets category has increased by 4.91 MU in FY14.

Further, the Commission had approved 2,45,651 as number of IP installations which would be serviced in FY14; whereas the actual numbers of installations reported by the MESCOM are 2,47,139. The difference in number of IP installations is 1488. A slight increase in IP Sale for FY14 can be attributed to the MESCOM extending number of hours of power supply to the IP Set consumers.

Further, in view of substantial metering of IP Sets in MESCOM, the Commission in its Tariff Order dated, 12th May, 2014, had directed MESCOM to furnish IP Set consumption on the basis of meter readings taken instead of assessing the consumption on the basis of meters fixed to DTCs predominantly feeding IP Sets. However, MESCOM has not furnished the IP Set consumption based on the energy meter readings fixed to IP Sets. But, it has furnished IP Set consumption for FY14 on the basis of the

readings taken from the metered DTCs feeding to predominately IP Sets. Henceforth, MESCOM is directed to consider the actual energy meter readings of IP Sets wherever metering has been completed and report the actual consumption of IP Sets on the basis of data from IP Sets meters every month to the Commission. For the present, in the absence of 100 per cent metered data of IP Sets, the Commission decides to accept the sales to IP Sets for FY14 as 1122.68 MU as furnished by the MESCOM as it is very close that approved.

The category wise sales approved by Commission in its Tariff Order 2013 and the actuals for FY14 are indicated below:

TABLE – 4.3
APPROVED & ACTUALS SALES FOR FY14

Figures in MU

Category	Approved (MYT Order dtd 06.05.2013)	Actuals	Difference
LT-2a*	1241.10	1158.16	82.94
LT-2b	10.67	10.71	-0.04
LT-3	337.52	280.90	56.62
LT-4b	2.14	1.12	1.02
LT-4c	6.84	6.53	0.31
LT-5	147.23	128.82	18.41
LT-6	103.94	100.38	3.56
LT-6	57.41	57.26	0.15
LT-7	20.15	18.05	2.10
HT-1	98.65	78.20	20.45
HT-2a	658.67	686.45	-27.78
HT-2b	257.27	152.46	104.81
HT-2c	0	117.65	-117.65
HT-3a & b	13.22	24.98	-11.76
HT-4	21.56	14.27	7.29
HT-5	2.44	21.86	-19.42
KPCL	13.03	11.33	1.70
Sub total	2991.84	2869.13	122.71
BJ/KJ	18.56	12.34	6.22
IP	1117.77	1122.68	-4.91
Sub total	1136.33	1135.02	1.31
Grand total	4128.17	4004.15	124.02

* MESCOM has included 33.39 MU of wheeled energy which is not a sale to the Consumers of MESCOM and therefore not included in the sales

In the light of the above discussion the Commission approves the actual sales of 4004.15 MU for FY14. Further, considering the wheeled energy of 33.39 MU, the total energy at consumer level will be 4037.54 MU.

4.2.3 Distribution Losses for FY14:

MESCOM's Submission:

The Commission had approved distribution loss for FY14 as shown in the table below:

Range	FY14
Upper limit	12.00%

Average	11.75%
Lower Limit	11.50%

MESCOM has reported a loss level of 11.93% in its annual accounts.

1	Energy at Interface Points in MU	4584.63
2	Total sales in MU (includes 33.39 MU of wheeled energy)	4037.54
3	Distribution losses as a percentage of input energy at IF points	11.93%

Commission's analysis and decision:

The distribution losses of 11.93% reported by MESCOM are within the range of distribution losses approved by the Commission for FY14. Hence MESCOM is not entitled / liable for any incentive / penalty for FY14.

4.2.4 Power purchase for FY-14

1. MESCOM's POWER PURCHASE FOR FY14

The Commission in its Tariff order dated 6th May, 2013 had approved source wise quantum and cost of power purchase for FY14. MESCOM, in its application for Annual Performance Review has submitted the details of actual power purchase for FY14, as follows:

**TABLE – 4.4
MESCOM's POWER PURCHASE FOR FY 14**

Source	Actuals			Approved		
	Energy in MU (Million Unit)	Total Cost (Rs.Crs)	Cost per Kwh (Rs/Kwh)	Energy in MU (Million Unit)	Total Cost (Rs.Crs)	Cost per Kwh (Rs/Kwh)
KPCL Hydel Stations	1077.99	79.46	0.58	1060.26	62.64	0.59
KPCL-Thermal Stations	1205.19	463.84	3.85	1438.81	536.88	3.73
Total	2283.18	543.30	2.31	2499.07	599.52	2.40
CGS	1018.02	302.94	2.98	1153.88	341.78	2.96

Major IPPs	419.90	201.20	4.79	501.33	207.39	4.14
IPPs -Minor (NCE Projects)	757.07	263.46	3.48	715.92	248.21	3.47
Other States Projects	2.84	0.83	2.91	0.00	0.00	0.00
Short term/Medium term	208.61	111.02	5.32	0.00	0.00	0.00
Purchase under Section 11	4.43	1.98	4.47	0.00	0.00	0.00
Exchange Purchases	0.35	0.21	15.14	0.00	0.00	0.00
UI Charges	-19.77	-2.26	1.14	0.00	0.00	0.00
Transmission Charges	0.00	215.72	0.00	0.00	184.97	0.00
System Operating Charges (I)	0.00	1.66	0.00	0.00	1.64	0.00
Energy Balancing	133.44	28.82	2.16	0.00	0.00	0.00
TOTAL	4747.40	1668.88	3.52	4870.20	1583.51	3.25

Commission's analysis and decisions;

The actual power purchase for FY14 as filed by MESCOM for approval of Annual Performance Review is 4747.40 MU amounting to Rs.1668.88 Crores, as against the approved quantum of 4870.20 MU amounting to Rs.1583.51 Crores. This represents lower than projected sales to an extent of 122.80 MU with an increase in its cost by Rs.85.37 Crores.

On an analysis of the source-wise power purchases, the following deviations in quantum of energy and its cost are noticed:

- i. As against the approved quantum of 4870.20 MU, the actual power purchased by MESCOM is 4747.40 MU for FY14, indicating a short fall of 122.80 MU which is 2.52% of the approved quantum.
- ii. This shortfall in Power Purchase is mainly due to the reduction in sales to an extent of 124.02 MU.
- iii. The shortfall from Thermal station has been made good from Short term/Medium term power purchases.
- iv. Further, MESCOM has incurred PGCIL charges of Rs.32.84 Crores which has resulted in increased rate per unit by 7 Paisa.

- v. In addition, MESCOM has made provision of Rs.16.63 Crores, towards KPCL short claims for previous years, and previous year energy balancing to an extent of 60.68 MU amounting to Rs.6.4 Crores resulting in an increased per unit cost of 5 Paise.
- vi. All these factors including the change in the source-wise mix of supply and reconciliation of energy and its cost among ESCOMs have resulted in increased average power purchase cost of MESCOM at Rs.3.52 per Kwh as against the approved rate of Rs.3.25 per Kwh leading to an overall increase by Rs.0.27 per unit.
2. As per the reconciled statement agreed to by the ESCOMs for the energy exchange between them, Payables (-) & Receivables (+) of MESCOM are as follows:

Name of the ESCOM	MESCOM's				Net Payables (-) /Receivables(+) of MESCOM
	(-) Payables		(+) Receivable		
	Energy in Mus	Amount in Crs.	Energy in Mus	Amount in Crs.	Amount in Crs
BESCOM	-457.84	-137.3	544.006	126.039	-11.261
GESCOM	0	0	481.253	165.939	165.939
HESCOM	0	0	703.281	261.645	261.645
CESC	0	0	93.565	24.087	24.087
TOTAL	-457.84	-137.3	1822.105	577.71	440.410

- i. It is seen from the above table that, as on 31st March, 2014, MESCOM has to receive a net amount of Rs.440.41 Crores from other ESCOMs. The Commission notes that, for settlement of inter-ESCOM Power Purchase dues, no mechanism is put in place. It is therefore suggested that MESCOM should move the Government to effect necessary adjustments in the tariff subsidy payable to ESCOMs and ensure that there are no inter-ESCOM payments outstanding in the Account.

ii. MESCOM is also directed to reconcile the inter ESCOM energy exchanges and its costs duly making necessary adjustments, to ensure proper accounting of energy and its cost.

3. In terms of the MYT Regulations, the Power Purchase cost is an uncontrollable expenditure and the Commission having recognized the above facts, decides to consider 4747.40 MU at a cost of Rs.1668.88 Crores towards as purchase of MESCOM for approving the Annual Performance of MESCOM for FY14.

4.2.5 Operation and Maintenance Expenses:

MESCOM's Submission:

MESCOM has sought approval of O&M expenditure of Rs.289.28 Crores for FY14. The O & M expenses have been claimed on the basis of actual R&M expenses of Rs.20.11 Crores, employee cost of Rs.222.84 Crores and A&G expenses of Rs.46.33 Crores.

The Commission in its tariff order dated 6th May, 2013 had allowed uncontrollable O&M expenses of Rs.48.89 Crores towards revision of pay, pension and gratuity contribution, increase in DA and increase in HRA. The Commission in its preliminary observations and subsequent validation meeting had sought the data of actual additional employee cost incurred for FY14. MESCOM in its replies to the observations during the validation meeting has informed that an amount of Rs.46.73 Crores is incurred as additional O & M expenses as detailed below:

**TABLE – 4.5
Additional O&M Expenses for FY14- MESCOM's Submission**

Particulars	Amount in Rs.crs.
	Amount
Basic pay	120.43
DA on basic pay	17.82
Total Pay + Pension	138.25
Pension contribution on pay + pension	40.83
Gratuity contribution	5.00

Increase in HRA	0.90
Additional O&M Expenses for FY14	46.73

Accordingly, MESCOM has requested the Commission to allow O&M cost of Rs.289.28 Crores for FY14.

Commission's analysis and decisions:

The Commission had approved O&M expenses for FY14 as detailed below:

TABLE – 4.6

Approved O&M Expenses as per Tariff Order dated 06.05.2013

Amount in Rs. Crs.	
Particulars	FY14
No. of installations as per actuals as per Audited Accts	1999494
Weighted Inflation Index	5.49%
CGI based on 3 Year CAGR	4.68%
Normative O&M expenses for FY12 excluding P&G contribution	198.78
O&M Index= O&M (t-1)*(1+WII+CGI-X)	236.89
Additional O&M expenses (uncontrollable)	48.89
Total Approved O&M Expenses for FY14	285.79

As per the Annual Audited Accounts of MESCOM for FY14, the actual O&M expenditure is as follows:

TABLE – 4.7

O&M Expenses of MESCOM as per Annual Audited Accounts for FY14

Amount In Rs. Crs.	
Repairs & Maintenance	20.11
Employee Expenses	222.84
A&G expenses	46.33
O&M expenses	289.28

Considering the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labour Bureau, Government of India and adopting the methodology followed by CERC with CPI and WPI in a ratio of 80:20, the allowable inflation for FY14 is computed as follows:

Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)* (LnRt)]
2002	87.92	103	99.984				
2003	92.6	107	104.12	1.04	0.04	1	0.04
2004	98.72	111	108.544	1.09	0.08	2	0.16
2005	103.37	116	113.474	1.13	0.13	3	0.38
2006	109.59	123	120.318	1.20	0.19	4	0.74
2007	114.94	131	127.788	1.28	0.25	5	1.23
2008	124.92	142	138.584	1.39	0.33	6	1.96
2009	127.86	157	151.172	1.51	0.41	7	2.89
2010	140.08	176	168.816	1.69	0.52	8	4.19
2011	153.35	192	184.27	1.84	0.61	9	5.50
2012	164.93	209	200.186	2.00	0.69	10	6.94
2013	175.35	232	220.67	2.21	0.79	11	8.71
A= Sum of the product column							32.75
B= 6 Times of A							196.49
C= (n-1)*n*(2n-1) where n= No of years of data=12							3036.00
D=B/C							0.06
g(Exponential factor)= Exponential (D)-1							0.0669
e=Annual Escalation Rate (%)=g*100							6.69

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

- The actual O & M expenses for FY13 excluding contribution to Pension and Gratuity Trust.
- The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts up to FY14.
- The weighted inflation index (WII) at 6.69% as computed above.
- Efficiency factor at 1% as considered in the earlier two control periods.

Thus, the normative O & M expenses for FY14 will be as follows:

TABLE – 4.8
Allowable Normative O & M Expenses – FY14

Particulars	FY14
No. of Installations As per actuals as per Audited Accts	1994726
Weighted Inflation Index	6.69%
Consumer Growth Index (CGI) based on 3 Year CAGR	4.42%
O & M expenses for FY13 excluding P&G contribution - Rs. Crs.	217.49
O&M Index= O&M (t-1)*(1+WII+CGI-X)- Rs. Crs.	239.47

The above normative O & M expenses have been computed without considering the revision of pay and contribution to pension and gratuity trust.

The Commission has earlier treated certain employee costs on account of pay revision, contribution to P&G Trust and change in HRA and change in employee costs on account of recruitment as uncontrollable O&M expenses. This component has been allowed beyond the normative O&M expenses to enable ESCOMs to meet their actual employee costs.

MESCOM was asked to furnish data on additional employee costs on account of the above factors. MESCOM has sought an amount of Rs.46.73 Crores to be allowed as additional employee cost for FY14 in view of revision of pay, increase in House Rent Allowance, change in Dearness Allowance and increase in the contribution to pension and gratuity trust.

Considering the request of MESCOM to treat increase in pay due to revision and pension and gratuity contribution as uncontrollable O & M expenses, the Commission has computed the uncontrollable O & M expenses for FY14 as follows:

TABLE – 4.9
Approved Uncontrollable O & M Expenses

Amount in Rs. Crs.

Particulars	FY14
P&G contribution as per audited accounts	46.13
Increase in HRA @ 0.75% on basic pay	0.90
Total Uncontrollable O&M Expenses -FY14	47.03

Some of the consumers have objected to allowing bonus as part of O&M expenses. The Commission has been allowing O&M expenses on normative basis as per Regulations which is less than the actual expenses incurred by MESCOM. Hence, disallowance of bonus paid by MESCOM separately does not arise.

Thus, the allowable O & M expenses for FY14 will be as follows:

TABLE – 4.10
Allowable O & M Expenses for FY14

		Amount in Rs.Crs.
Sl. No.	Particulars	FY14
1	Normative O & M expenses	239.47
2	Additional employee cost (uncontrollable O & M expenses)	47.03
3	Allowable O & M expenses for FY14	286.50

The Commission, therefore decides to allow an amount of Rs.286.50 Crores as O&M expenses for FY14.

4.2.6 Depreciation:

MESCOM's Submission:

MESCOM has claimed an amount of Rs.54.71 Crores as depreciation worked out after deducting an amount of Rs.18.65 Crores towards depreciation withdrawn on account of contributions / subsidies as per Accounting Standards (AS) – 12.

TABLE – 4.11
Depreciation for FY14 – MESCOM's Submission

		Amount in Rs. Crs.
Particulars	FY14	
Gross fixed assets at the beginning of the year		1173.33
Additions during the year		138.41
Deductions during the year		33.07
Gross fixed assets at the end of the year		1278.67
Depreciation provided		54.71
Average rate of Depreciation		4.46%

The average rate of depreciation works out to 4.46%. MESCOM has requested the Commission to allow a depreciation amount of Rs.54.71 Crores for FY14.

Commission's analysis and decisions:

The depreciation is determined by the Commission in accordance with the KERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 as amended on 1st February, 2012. Considering the opening and closing gross blocks of fixed assets for FY14 and the depreciation as per annual accounts, the weighted average rate of depreciation works out to 4.42%.

As per the audited accounts for FY14, the total depreciation is Rs.72.86 Crores. Against this an amount of Rs.18.65 Crores is deducted towards depreciation on assets created out of grants and contribution on actual basis is considered for computation of allowable depreciation for FY14. The remaining depreciation to be allowed is Rs.54.21 Crores. The Commission has recognized depreciation of Rs.0.77 Crores pertaining to prior period excess / under provision under prior debits / credits discussed in the following paragraphs of this Order. Thus the allowable depreciation for FY14 will be Rs.54.21 Crores.

Based on the above, the Commission decides to allow the actual depreciation of Rs.54.21 Crores for FY14.

4.2.7 Capital Expenditure of FY14:

MESCOM has reported a capital expenditure of Rs.281.44 Crores as against an approved capex of Rs. 193.17 Crores for FY14. The following table indicates the details of actual expenditure incurred for FY14 as against the approved capex:

TABLE – 4.12

Capital Works Approved and Actual Expenditure for FY14

Amount in Rs.Crs.			
SI No	Particulars	Approved Capex	Actual Expenditure For FY14
1	Extension & Improvement	66.5	60.61
	(Addl. DTCs, Link-Lines, HT/LT Reconductoring, providing intermediate poles, HVDS, etc.)		
2	DTC Metering	55	-

3	R-APDRP Programme	-	10.46
4	Replacement of faulty DTCs	15	24.38
5	Service Connections	15	34.52
6	Rural Electrification (General)		
a.	RGGVY Programme	56	8.35
b.	Electrification of Hamlets	5	0.72
c.	Energisation of IP sets (including providing infrastructure of UA IP sets)	10.5	34.36
d.	KutirJyothi	0.55	0.09
	Sub-Total (a+b+c+d)	72.05	173.09
7	Tribal Sub Plan		
a.	Electrification of Tribal Colonies	0.66	0.13
b.	Energization of IP Sets	1.17	0.01
c.	KutirJyothi	0.09	0
	Sub-Total	1.92	0.14
8	Special Component Plan		
a.	Electrification of S.C. Colonies	1.9	0.18
b.	Energization of IP sets	1.65	0.36
c.	KutirJyothi	0.22	0.01
	Sub-Total:	3.77	0.55
9	Tools & Plants and Computers	2.2	1.94
10	Civil Engineering Works	14	4.68
11	33 kV Sub stations & Line works	36	12.37
	GRAND TOTAL:	281.40	193.17

The year-wise expenditure incurred by MESCOM against the approved Capex during the last four years is shown in the following Table:

TABLE – 4.13
Approved Vs Actual capital investment

Particulars	Amount in Rs. Crs.			
	FY11	FY12	FY13	FY14
Capital Investment Proposed & Approved	257.05	348.55	249.85	281.44
Capital Investment actually incurred	188.07	127.4	130.92	193.17
Short fall	68.98	221.15	118.93	88.27
% Achievement	73.16%	36.55%	52.40%	68.64%

Commission's analysis and decisions:

From the above table showing the item wise actual capital expenditure for FY14, it can be observed that, the overall capital expenditure for FY14 is indicated as Rs.193.17 Crores whereas in the revised D17 format it is stated as Rs.232.80 Crores which is found to be within the approved capex by the Commission. But, in some of the item wise expenditure shown in the table it is observed that, MESCOM has over achieved the approved capex while in respect of other items, it has not met the

approved figures. For example, in replacement of failed DTCs MESCOM has spent Rs.9.48 Crores over and above the approved capex of Rs.15 Crores; in Service connection works MESCOM has exceeded the approved capex to an extent of more than two times. For energisation of IP sets (including un-authorized IP Sets) also, MESCOM has incurred three times the approved capex. Whereas, it has not incurred any expenditure for DTC metering in spite of clear directions to complete DTC metering and to conduct energy audit. In case of RGGVY program and electrification of tribal colonies & S.C colonies, MESCOM has not achieved appreciable progress. Also, in the category of 33kV substations and lines, MESCOM has achieved less than half the approved capex.

The Commission, taking note of the capital expenditure incurred by MESCOM, decides to allow the actual capital expenditure of Rs.193.17 Crores for FY14 after disallowing some of the capex not meeting the norms of prudence as discussed in the following paragraphs.

The Commission directs MESCOM to strictly adhere to the targets as approved by the Commission and to obtain prior approval wherever targets are likely to exceed the approved amounts.

4.2.8 Prudence check of FY13 and FY14:

The prudence check of capex of MESCOM was taken in two parts:

- a) Prudence check of execution of the capital works of FY13 & FY14
- b) Prudence check of material procurement process of FY13 & FY14

a) Prudence check of execution of the capital works of FY13 & FY14

The Commission has taken up prudence check of the capital expenditure incurred by MESCOM for the period FY13 & FY14 by engaging the services of M/s. Price Waterhouse Coopers Private Limited, (M/s PWC) as consultants to evaluate the capital expenditure incurred during FY13 & FY14 in respect of completed and categorized works.

As per the prudence check report the following are the salient features:

Gist of Prudence check findings for FY13 & FY14

Particulars	Numbers	Amount in Rs. Crs.
No. of works costing Rs. 10 Lakhs and above examined	29	4.92
No. of works costing less than Rs10 Lakhs examined	78	3.78
No. of works costing Rs. 10 Lakhs and above not	1	9.04

meeting the norms of prudence as stipulated in the guidelines issued by this Commission		
No. of works costing less than Rs. 10 Lakhs not meeting the norms of prudence as stipulated in the guidelines issued by this Commission	6	28.94
Total Number of works not meeting the norms of prudence as stipulated in the guidelines issued by this Commission	7	37.98

A summary of the findings in the prudence check are given in following Table:

TABLE – 4.14

Summary of other findings by Consultants

Particulars	Status of the Project
Number of projects completed with time delay up to 4 months	13
Number of works completed with delay of more than 4 month	13
Number of works exceeding estimated cost by up to 20%	14
Number of works exceeding estimated cost by more than 20 %to 50%	1

The Commission had forwarded the copy of the Report on the Prudence check seeking MESCOM's comments thereon. The reply forwarded by MESCOM is summarized below:

TABLE – 4.15

Summary of Replies furnished by MESCOM

Sl. No	Details of Works considered as imprudent with reasons in brief	Amount Rs. in Lakhs	Replies furnished by MESCOM to Justify the capex
1	Providing 11kV link line Muthinakoppa MUSS to K.kanabur Village, Balehonnur Sub Divn	9.04	The average number of interruptions has been reduced from 90 to 49. Also the interruption duration is considerably reduced from 41:44 to 18:24 Hrs.
2	11kV Reconductoring of Trunk line (2.1 Kms) of Shirthady feeder from Judge compound to Soans farm Bannadka in Belvai section.	5.56	The No. of interruptions per year has been reduced from 491 nos to 258 nos.
3	Adve Feeder Providing 63kVA Add DTC at	5.15	The recorded peak load (Measured on 9-10-14) of the existing & proposed

	Pallaragenisachripete		Transformer is 37.5A & 17.1 A respectively.
4	To replace the 2/4 ACSR conductor of Tangali MUSS 11 kV Emmedoddi feeder by Rabbit conductor	6.04	The Reconductoring work is carried out only for the length of 3.1 Rkm, hence Voltage regulation has improved marginally from 25.36 % to 22.32 %.
5	To replace the 4/2 ACSR conductor of Tangali MUSS 11 kV Emmedoddi feeder 11 kV line by Rabbit wire (From Bislehalli Rajanna 25 kVA TC to Bukkasagara Venkatesh TC)	5.98	The Reconductoring work is carried out only for the length of 3.4 Rkm, hence Voltage regulation has improved marginally from 22.32 % to 20.1%.
6	Reconductoring of 11 K.V F.6 Bellur - Sec.3 to Heddaripura circle	2.37	The Reconductoring work is carried out only for the length of 1.9 RKM, hence Voltage regulation has improved marginally from 9 % to 7.5 %.
7	Replacement of 2 ACSR by Rabbit ACSR conductor of Ittigehalli 11 kV Line	3.84	The Re-conductoring work is carried out only for the length of 6.5 RKM, hence Voltage regulation has improved marginally from 36.14 % to 28.6 %.

Based on the report of the consultants and the reply of MESCOM on the findings, the Commission has decided that, six works except Sl. No. 3 above having a total cost of Rs.32.83 Lakhs are considered as not meeting the prudent norms. The non-prudent expenditure amounting to Rs.1.24 Crores will be disallowed from the APR of FY14.

Further, the Commission has decided to disallow interest and depreciation of Rs. 0.65 Crores on the capex of Rs.5.44 Crores spent by KPTCL on Establishing 1 X 10 MVA 110/11kV S/s at Gajanur and const. of 110 kV LILO line from Shimoga-SK V3 (0.285kms) in which MESCOM has not completing downstream lines.

The total depreciation on the non-prudent expenditure will be disallowed from the APR of FY14 as shown in the following table:

Details of Amounts disallowed in APR FY14

Particulars	Amount in Rs.Crs.	Cost of non-prudent capex of KPTCL attributable to MESCOM
-------------	-------------------	---

Total cost of categorized works eligible for prudence check	272.53	-
Total cost of the sample works	8.70	-
Cost of sample works meeting prudence norms	8.37	-
Cost of sample works not meeting prudence norms	0.33	5.44
Percentage of cost not meeting prudence norms	3.78%	-
Overall cost of capex not meeting prudence norms	10.28	5.44
Amount to be disallowed towards works not meeting prudence norms calculated on the basis of weighted average interest & weighted average depreciation.	1.24	0.65
Total		1.87

4.2.9 Prudence Check of Capital Investment for the period FY10 to FY12:

The Commission had conducted prudence check of capital expenditure incurred by MESCOM for FY10 to FY12, while approving the Annual performance for FY13 and ARR for FY15. Based on the report of the consultants, who conducted the prudence check, the Commission had disallowed interest and depreciation of Rs.0.78 Crores pertaining to 5 Nos. of works amounting to Rs.6.05 Crores, which were considered as not prudent. Further, considering the fact that the prudence check of capital investment being taken up by the Commission is first of its kind, the Commission had provided one more opportunity to MESCOM to justify the investment made on such works by furnishing sufficient justification duly supported by documents.

In response, MESCOM had submitted the details of the works pertaining to extension and improvement of the existing distribution network such as providing intermediary poles, re-conductoring and link lines to improve the quality of supply with reduced interruptions and improved voltage. The replies were duly supported by documents to justify the works to be meeting the prudence norms.

The Commission, after reviewing the reply of MESCOM decides to treat the capex of Rs.6.05 Crores capex as prudent and not disallow any further.

b) Prudence check of material procurement process of FY13 & FY14

The Capital investment works in MESCOM are executed by both on turnkey and partial turnkey contract basis. MESCOM procures major materials like, distribution transformers, poles, conductor and insulators etc. and issues them to the partial turnkey contractor, who will execute the work as per award and includes some of the associated materials viz., cross arm, bolt & nuts, earthing materials etc. required for completion of works.

It was found that the cost of major material procurement at 60.23% and 70.70% of capex in FY13 and FY14 respectively has formed a major portion of the capex and hence the major material procurement process was also reviewed as a part of prudence check of capital investment for the years FY13 & FY14. The Major materials are procured by the procurement wing at corporate office.

The procurement procedures followed by MESCOM is as follows:

- i. The Transformers are procured from three Government firms namely M/s Kavika, M/s Andrew Yule & co, and M/s KEI after obtaining exemption from KTPP rules from GoK.
- ii. The rate contracts are entered with eligible firms after tendering process for one / two years for purchase of conductors with admissible price variation.
- iii. The rate contracts are entered with eligible firms after tendering process for two years for purchase of poles with allowable price variation after 6 months.
- iv. The rate contracts are entered with eligible firms for three years to sell the meters at their retail outlets to consumers. For replacements of MNR meters, MESCOM is procuring meters from these outlets as and when required.
- v. The purchase orders are placed for the Transformers, Conductors and poles as per the approved rate contracts with staggered quarterly delivery schedules.

It was observed during the prudent check of procurement process that, the rate contract price for Poles, Transformers and Conductors are much lower than the Schedule of Rates (S.R.) of MESCOM for the respective years. The Commission directs that S.R for various materials shall be prepared based on the average procurement price of preceding year and also considering the bench mark prices and shall be compared with neighbouring States. MESCOM shall take all measures to judiciously prepare the Schedule Rates every year.

The inventory of major stock material were reviewed and found that the stock position of Poles and conductors were more than 40 % of annual requirement (procured) which could have been limited to nearly 25%, and the P.Os could have been placed every quarter to meet the requirement. More prudence shall be exercised in this regard to limit the stock inventory to the minimum required level which reduces the interest burden on the capital borrowed for material procurement and Payment.

4.2.10 Interest and Finance Charges

a) Interest on loan:

MESCOM's Submission:

MESCOM has claimed an amount of Rs.46.01 Crores towards interest on loans. The details of interest on loans claimed by MESCOM are as follows:

TABLE – 4.16
Interest on Loans- MESCOM's Submission

Particulars	Amount in Rs. Crs.
	FY14
Long term Loan outstanding as on 31.03.2013	384.69
Fresh Borrowings	106.90
Repayment	74.35
Long term Loan outstanding as on 31.03.2014	417.23
Interest on Loans	46.01

Considering the opening balance of loans, fresh borrowings and the repayment of loans during FY14, the weighted average rate of interest on the average loan amount works out to 11.47%. MESCOM has requested the Commission to allow the amount of Rs.46.01 Crores for FY14 towards interest on loans.

Commission's analysis and decisions:

The Commission has noted the status of opening and closing balances of loans as per the audited accounts and format D9 of the filing as shown below:

TABLE – 4.17
Allowable Interest on Loans – FY14

Particulars	Amount in Rs.Crs. FY14
Opening Balance Secured Loans	371.23
Opening Balance Unsecured Loans	13.46
Total opening balance of loans	384.69
Long term secured & unsecured loans	384.69
Add new Loans	106.90
Less Repayments	74.35
Total loan at the end of the year	417.23
Average Loan	400.96
Interest on long term loans as per audited accounts for FY14	46.01

Considering the average loan of Rs.400.96 Crores and an amount of Rs.46.01 Crores incurred towards interest on long term loans, the weighted average of interest works out to 11.48%.

Further, considering the actual capitalization of interest of Rs.2.51 Crores as per audited accounts, **the net amount of Rs.43.50 Crores is allowed towards interest on loan for FY14.**

4.2.11 Interest on Working Capital:

MESCOM's Submission:

MESCOM has incurred an amount of Rs.10.34 Crores towards interest on bank overdrafts and short term loans. However, as per the provisions of MYT Regulations, an amount of Rs.30.67 Crores has been computed as interest on working capital as follows:

TABLE – 4.18

Interest on Working Capital –MESCOM's Submission

Amount in Rs. Crs	
Particulars	FY14
One-twelfth of the amount of O&M Expenses	24.11
Opening GFA as per Audited Accounts	1173.32
Stores, materials and supplies at 1% of Opening balance of GFA	11.73
One-sixth of the Revenue	325.45
Total Working Capital	361.29
Rate of Interest (% p.a.)	11.25%
Interest on Working Capital	40.65
50% of normative IWC	20.33
Actual Interest on working capital	10.34
Interest on working capital for FY14	30.67

However, as per format D9 of the application, MESCOM has claimed an amount of Rs.10.34 Crores towards interest on working capital for FY14.

Commission's analysis and decisions:

As per audited accounts, MESCOM has incurred an amount of Rs.10.34 Crores towards interest on working capital during FY14.

As per the KERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 as amended on 1st February, 2012, the Commission has computed the allowable interest on working capital for FY14 as follows:

TABLE – 4.19

Allowable Interest on Working Capital for FY14

Amount in Rs. Crs.	
Particulars	FY 14
One-twelfth of the amount of O&M Expenses	24.11
Opening GFA	1511.09
Stores, materials and supplies 1% of Opening balance of GFA	15.11
One-sixth of the Revenue	325.46
Total Working Capital	364.68
Rate of Interest (% p.a.)	11.75

Normative Interest on Working Capital	42.85
Actual interest on WC as per audited accounts for FY14	10.34
Allowable Interest on Working Capital	26.59

The Commission decides to allow an amount of Rs.26.59 Crores towards interest on working capital for FY14.

4.2.12 Interest on Consumer Deposits:

MESCOM's Submission:

MESCOM has claimed an amount of Rs.29.74 Crores towards payment of interest on security deposits for FY14.

TABLE – 4.20

Interest on consumer deposits for FY14 – MESCOM's Submission

Amount in Rs.Crs.	
Particulars	FY14
Opening balance of Consumer Deposits	342.02
Closing balance of consumer deposits.	380.60
Average Consumer deposit for FY14	361.31
Interest on consumer deposits	29.74
Rate of Interest	8.23%

Commission's analysis and decisions:

The Commission notes that, the interest on consumer deposits amounting to Rs.29.74 Crores claimed by MESCOM works out to a weighted average rate of interest of 8.23%. As per KERC (Interest on Security Deposit) Regulations, 2005 the interest on consumer deposits is to be allowed as per the bank rate prevailing on the 1st of April of the relevant year. The bank rate as on 1st April, 2013 was 8.50%. Considering the actual interest on consumer deposits paid by MESCOM during the year, **the Commission decides to allow an amount of Rs.29.74 Crores claimed towards interest on consumer deposits for FY14.**

4.2.13 Other Interest and Finance charges:

MESCOM has claimed an amount of Rs.3.33 Crores towards other interest and finance charges for FY14 which includes charges payable to banks /

financial institutions and guarantee commission payable to GoK. The Commission notes that the claims are as per audited accounts and hence decides to allow the same for FY14.

4.2.14 Capitalisation of Interest:

MESCOM has capitalized interest of Rs.2.51 Crores during FY14. The Commission decides to consider same for computation of APR for FY14.

Thus the allowable interest and finance charges for FY14 are as follows:

TABLE – 4.21
Allowable Interest and Finance Charges

		Amount in Rs.Crs.
Sl. No.	Particulars	FY14
1.	Interest on Loan capital	46.01
2.	Interest on working capital	26.59
3.	Interest on consumer deposits	29.74
4.	Other interest and finance charges	3.33
5.	Less Interest capitalized	2.51
6.	Total interest and finance charges	103.17

4.2.15 Other Debits:

MESCOM's Submission:

MESCOM, in its application has claimed an amount of Rs.13.18 Crores towards other debits as detailed below:

TABLE – 4.22
Other Debits-MESCOM's Submission

		Amount in Rs. Crs.
Sl No	Particulars	FY14
1	Bad & doubtful debts	1.80
2	Miscellaneous losses and write offs	0.99
3	Sundry expenses written off	9.90
4	Others	0.96
5	Less: Extraordinary items	0.47
	Total	13.18

Commission's analysis and decisions:

The Commission notes that as per the audited accounts, the allowable other debits for FY14 is as detailed below:

TABLE – 4.23
Allowable Other Debits

Amount in Rs. Crs.		
SI No	Particulars	FY14
1	Small and Low value items written off	0.05
2	Losses relating to fixed assets	0.55
3	Assets decommissioning cost	0.07
4	Miscellaneous losses and write offs	10.91
	Total	11.58

The Commission therefore decides to allow an amount of Rs.11.58 Crores as other debits for FY14.

4.2.16 Net Prior Period Charges:

MESCOM's Submission:

MESCOM has claimed an amount of Rs.1.89 Crores towards Net Prior Period Credits as detailed below:

TABLE – 4.24
Net Prior Period Charges-MESCOM's Submission

Amount in Rs. Crs.	
Particulars	FY14
Credit relating to earlier years	4.03
Debit relating to earlier years	2.14
Net prior period credits	1.89

Commission's analysis and decisions:

As per the Audited Accounts for FY14, the prior period debit is Rs.2.14 Crores on account of employee costs, A&G expenses of earlier years and depreciation of previous years is Rs.0.77 Crores. Further the prior period credit is Rs.4.03 Crores on account of excess depreciation and other expenses provided. **Hence the Commission decides to allow a net prior period credit of Rs.1.11 Crores for FY14.**

4.2.17 Return on Equity:

MESCOM's Submission:

MESCOM has computed its claims of Return on Equity for FY14 as follows:

TABLE – 4.25

Return on Equity –MESCOM's Submission

Particulars	Amount in Rs.Crs.
	FY14
Equity held as on 31.03.2013	216.07
Share deposit	14.00
Capital reserves at the beginning of the year	111.73
Total	341.80
Return on Equity	51.12

Commission's analysis and decisions:

As per the KERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 as amended on 1st February, 2012 and in accordance with the Order of the Hon'ble ATE in Appeal No.46 of 2014 dated 17th September, 2014, the Commission has computed the allowable Return on Equity at 15.5% on equity plus reserves and surplus besides allowing taxes as per actuals. The allowable RoE for FY14 is determined as follows:

TABLE – 4.26

Allowable Return on Equity

Particulars	Amount in Rs. Crs.
	FY14
Paid up share capital	191.07
Share deposit	0.00
Less Recapitalized consumer security deposit as net worth as per ATE Order dated 17.09.2014	26.00
Reserves and surplus as on 31.03.2013	71.44
Total Equity	236.51
Return on Equity	36.66

The Commission decides to allow Return on Equity of Rs.36.66 Crores for FY14.

4.2.18 Income tax :

As per the audited accounts, MESCOM has incurred an expenditure of Rs.0.47 Crores towards payment of income tax for FY14. Further, MESCOM has also indicated receipt of MAT credit entitlement of Rs.0.47 Crores. As such there is no tax liability for FY14. Hence, the Commission decides not to consider any amount as income tax for FY14.

4.2.19 Other Income:

MESCOM's Submission:

As per the Annual Accounts, an amount of Rs.252.42 Crores is shown as Other Income for FY14. This amount includes income from interest on fixed deposits, sale of scrap, excess provision of power purchase etc. withdrawn / written back, material cost variation and rent from staff quarters.

TABLE – 4.27

Other Income – MESCOM's Submission

Amount in Rs. Crs.

Particulars	FY14
Interest on Bank fixed deposits and other interest	3.82
Other non-operating income	
Profit on sale of stores	0.56
Income from sale of scrap	2.01
Rent	0.87
Incentives received	14.61
Value of materials found excess during physical verification	0.09
Interest on energy balancing dues	203.63
Miscellaneous	26.45
Rebate at 0.5% for collection of Electricity Duty	0.38
Total other income	252.42

Commission's analysis and decisions:

As decided in the Tariff Order dated 12th May, 2013, the Commission continues to allow 10% of the total incentive amounting to Rs.1.46 Crores on account prompt payment of power purchase to be retained by

MESCOM for FY14. Thus after deducting the incentive of Rs.1.46 Crores, **the Commission decides to allow an amount of Rs.250.97 Crores as other income for FY14.**

Adjustment of Advance Against Depreciation (AAD) as per Commission's Order in Case No.B/06/9 dated 17th October, 2013:

The Commission in its Order dated 17.10.2013 in case No. B/06/9 had decided to adjust the advance against depreciation provided during FY11 in the APR for FY14. **As per this Order, an amount of Rs.34.33 Crores shall be deducted in the APR for FY14.**

Fund towards Consumer Relations / Consumer Education:

The Commission had allowed an amount of Rs.0.50 Crore towards funds for consumer relations / consumer education. MESCOM in its replies to the observations, during the validation meeting, has reported that an amount of Rs.0.23 Crores has been spent during the year towards conducting consumer awareness programs.

The Commission has considered this expenditure of Rs.0.23 Crores to be allowed separately in the APR.

Revision of RoE for FY12 & FY13:

In accordance with the orders of the Hon'ble ATE dated 17th September, 2014 in Appeal No.46/2014 the difference of RoE to be withdrawn on account of considering recapitalized security deposit of consumers as net worth for FY12 and FY13 of Rs.8.05 Crores is decided to be deducted in the APR for FY14.

4.3 Abstract of Approved ARR for FY14:

As per the above item-wise decisions of the Commission, the consolidated Statement of ARR for FY14 is as follows:

TABLE – 4.28
Approved ARR for FY14 as per APR

Amount in Rs .Crs.

Sl. No	Particulars	FY14		
		As Appd 06.05.2013	As Filed 08.12.2014	As per APR
	Revenue at existing tariff in Rs Crs			
1	Revenue from tariff and Misc Charges	1646.04	1580.13	1580.20
2	RE Subsidy	384.70	372.57	372.57
3	Total Existing Revenue	2030.74	1952.70	1952.77
	Expenditure in Rs Crs			
4	Power Purchase Cost	1396.49	1484.68	1484.68
5	Transmission charges of KPTCL	184.97	182.87	182.87
6	SLDC Charges	1.64	1.33	1.33
7	Power Purchase Cost including cost of transmission	1583.10	1668.88	1668.88
8	Employee Cost		222.84	
9	Repairs & Maintenance		20.11	
10	Admin & General Expenses		46.33	
11	Total O&M Expenses	285.79	289.28	286.50
12	Depreciation	76.87	54.71	54.21
	Interest & Finance charges			
13	Interest on Loans	59.05	46.01	46.01
14	Interest on Working capital	43.42	10.34	26.59
15	Interest on belated payment on PP Cost		93.22	0
16	Interest on consumer deposits	32.31	29.74	29.74
17	Other Interest & Finance charges	0.29	3.33	3.33
18	Less interest capitalised	2.71	2.51	2.51
19	Total Interest & Finance charges	132.35	180.13	103.17
20	Other Debits	0	13.18	11.58
21	Net Prior Period Debit/Credit	0	-1.89	-1.11
22	RoE	55.36	51.12	36.66
23	Provision for taxation	0	0.47	0
24	Funds towards Consumer Relations/Consumer Education	0.5	0.23	0.23
25	Other Income	34.34	252.42	250.97
26	ARR	2099.63	2003.69	1909.15
27	Surplus of FY12 carried forward	68.89		
28	Adjustment of AAD as per Order dated 17.10.2013			34.33

29	Less - Excess RoE allowed in FY12 & FY13 – Order of ATE 46/2014			8.05
30	Net ARR	2030.74	2003.69	1866.77

4.3.1 Gap in Revenue for FY14:

As against an approved ARR of Rs.2030.74 Crores, the Commission after the Annual Performance Review of MESCOM decides to allow an ARR of Rs.1866.77 Crores for FY14. Considering revenue of Rs.1952.77 Crores, there is a surplus of Rs.86.00 Crores for the year FY14.

The Commission decides to carry forward the surplus of Rs.86.00 Crores for FY14 to the proposed ARR for FY16, as discussed in the subsequent Chapter of this Order.

CHAPTER – 5
REVISED ANNUAL REVENUE REQUIREMENT FOR FY16

5.0 REVISED ARR for FY16 - MESCOM's Filing:

MESCOM vide its application dated 8th December, 2014, has sought approval for the revised ARR for FY16. The summary of the proposed revised ARR for FY16 is as follows:

TABLE – 5.1
Proposed revised ARR for FY16

Amount in Rs. Crs.

Sl. No	Particulars	FY16
	Revenue at existing tariff in Rs Crs	
1	Revenue from tariff and Misc Charges	1834.22
2	Tariff Subsidy	473.68
3	Total Existing Revenue	2307.90
	Expenditure in Rs Crs	
4	Power Purchase Cost	1691.86
5	Transmission charges of KPTCL	180.48
6	SLDC Charges	1.83
7	Power Purchase Cost including cost of transmission	1874.17
8	Employee Cost	276.04
9	Repairs & Maintenance	38.14
10	Admin & General Expenses	60.37
11	Total O&M Expenses	374.55
12	Depreciation	74.14
	Interest & Finance charges	
13	Interest on Loans	69.35
14	Interest on Working capital	48.82
15	Interest on belated payment on PP Cost	89.81
16	Interest on consumer deposits	39.39
17	Other Interest & Finance charges	3.33
18	Less interest capitalised	2.51
19	Total Interest & Finance charges	248.19
20	Other Debits	3.75
21	Net Prior Period Debit/Credit	0
22	RoE	72.25
23	Provision for taxation	0
24	Funds towards Consumer Relations/Consumer Education	0.5
25	Other Income	95.97
26	Net ARR	2551.58

27	Deficit of FY14 carried forward	-50.99
28	Regulatory asset for FY13	62.63
29	ARR with deficit of FY14	2665.20

MESCOM has requested the Commission to approve the revised Annual Revenue Requirement as stated above. Further, MESCOM has proposed to increase the retail supply tariff by 80 paise per unit across all categories of consumers including BJ/KJ and IP set consumers for FY16 in order to bridge the gap in revenue of Rs.357.30 Crores.

5.1 Annual Performance Review for FY14 & FY15:

As discussed in the preceding chapter of this order, the Commission has carried out the Annual Performance Review for FY14 based on the audited accounts furnished by MESCOM. Accordingly, the surplus of Rs.86.00 Crores is to be carried forward in to the ARR of FY16. As the current financial year 2014 - 15 is yet to be completed, the Commission decides to take up the APR of FY15 during revision of ARR / Tariff for FY17.

5.2 Annual Revenue Requirement for FY16:

5.2.1 Capital Investments for FY16: MESCOM Proposal:

The Commission in its tariff order dated 6th May, 2013 had approved a capex of Rs.208.23 Crores for FY16. MESCOM, in its filing has projected a revised capex of Rs.827.33 Crores as follows:

The details of proposed capex of Rs.827.33 Crores under various heads proposed for FY16 and the likely expenditure during FY16 is shown in the table below:

TABLE – 5.2

Proposed capital investment for FY16

Amount in Rs.

Crores				
SI No	Particulars	Approved for FY16	Proposed	Expected Expenditure during FY16
1	Extension & Improvement	65.00	70.00	41.56
	(Addl. DTCs, Link-Lines, HT/LT Reconductoring, providing intermediate poles, HVDS, etc.)			
2	DTC Metering	35.00	120.00	50.00
	Replacement of MNR/DC & Electromagnetic meters by Static meters and providing SMC meter protection box wherever required.	-	65.00	25.00
	Niranthara Jyothi Yojane	-	230.00	90.00
3	R-APDRP Programme	-	10.00	10.00
4	Replacement of faulty DTCs	15.00	30.00	30.00
5	Service Connections	15.00	40.00	20.00
6	Rural Electrification (General)			
a.	RGGVY(DDG) & RGGVY 12th Plan	-	63.00	10.00
b.	Electrification of Hamlets	5.00	2.00	2.00
c.	Energization of IP sets (including providing infrastructure of UA IP sets)	11.00	142.00	50.00
d.	KutirJyothi	0.60	0.25	0.25
	Sub-Total (a+b+c+d)	16.60	207.25	328.81
7	Tribal Sub Plan			
a.	Electrification of Tribal Colonies	0.72	0.60	0.60
b.	Energization of IP Sets	1.28	0.38	0.38
c.	KutirJyothi	0.09	0.02	0.02
	Sub-Total	2.09	1.00	1.00
8	Special Component Plan			
a.	Electrification of S.C. Colonies	2.10	1.00	1.00
b.	Energization of IP sets	1.80	0.98	0.98
c.	KutirJyothi	0.24	0.10	0.10
	Sub-Total:	4.14	2.08	2.08
9	Tools & Plants and Computers	2.40	2.00	2.00
10	Civil Engineering Works	16.00	15.00	5.00
11	33 kV Sub stations & Line works	37.00	35.00	15.00
	GRAND TOTAL:	208.23	827.33	353.89

Commission's analysis and decision:

From the above table, the major changes as against the approved capex plan are found as follows:

TABLE – 5.3

Major changes in the proposed capex against approved capex

SI No.	Schemes	Amount in Rs. Crores	
		Approved capex for FY16	Proposed Capex for FY16
1	DTC Metering	35	120
2	Replacement of MNR/DC & Electromagnetic meters by Static meters	-	65
3	Niranthara Jyothi Yojane	-	230
4	RAPDRP	-	10
5	Replacement of faulty DTCs	15	30
6	Service connections	15	40
7	RGGVY(DDG) & RGGVY 12th Plan	-	63
8	Energisation of IP sets (including providing infrastructure of UA IP sets)	11	142

Though MESCOM has projected an ambitious capex of Rs.827.33 Crores, it has stated that, the expected capital expenditure for FY16 would be Rs.353.89 Crores. It is to be noted here that out of proposed capex of Rs.660 Crores, MESCOM is likely to incur only Rs.245 Crores. which is less than half the proposed capex under the major heads of capex (like DTC metering, Replacement of MNR/DC & Electromagnetic meters by Static meters, Niranthara Jyothi Yojane, Service connections, RGGVY (DDG etc). This would account for about 37.12% of the planned capex.

As per the data furnished by MESCOM, the actual capex as at the end of December, 2014 against approved capex for FY15 is as follows:

TABLE – 5.4

Actual Capital Expenditure incurred for FY15 (till December 2014)

Amount in Rs.Crs.

SI No	Particulars	Approved Capex for FY15	Actual Expenditure up to Dec'2014
1.	Extension & Improvement (Addl. DTCs, Link-Lines, HT/LT Reconductoring, providing intermediate poles, HVDS, etc.)	95.00	51.46
2.	DTC Metering	-	-
3.	Nirantara Jyothi Yojana	-	45.00
4.	R-APDRP Programme	25.00	9.58
5.	Replacement of faulty DTCs	20.00	21.98
6.	Service Connections	30.00	27.35
7.	<u>Rural Electrification (General)</u>		
a.	RGGVY Programme	20.00	41.00
b.	Electrification of Hamlets	2.00	0.16
c.	Energization of IP sets (including providing infrastructure of UA IP sets)	35.00	18.95
d.	KutirJyothi	0.25	0.11
	Sub-Total (a+b+c+d)	57.25	60.23
8.	<u>Tribal Sub Plan</u>		
a.	Electrification of Tribal Colonies	0.60	0.025
b.	Energization of IP Sets	0.35	0.046
c.	KutirJyothi	0.03	0.0003
	Sub-Total	0.98	0.072
9.	<u>Special Component Plan</u>		
a.	Electrification of S.C. Colonies	1.00	0.070
b.	Energization of IP sets	1.00	0.21
c.	KutirJyothi	0.10	0.003
	Sub-Total:	2.10	0.28
10.	Tools & Plants and Computers	2.00	2.32
11.	Civil Engineering Works	15	3.93
12.	33 kV Sub stations & Line works	15	9.97
	TOTAL	262.33	187.18

MESCOM was directed to approach the Commission for approval if any additional capex was required during the financial year. However, MESCOM has not approached the Commission in the matter during FY15.

The Commission directs MESCOM to seek separate approval for any item wise additional capex requirement beyond 25% of approved quantum or Rs.10 Crores whichever is higher. Further, the additional capex requirement should be sought from the Commission with due justification indicating the sources of funding and the benefits that would accrue by such additional investments.

Further, the Commission has observed that in some of the ESCOMs, major works like DTC metering and replacement of existing consumer meters by static meters are being taken up in large scale and spread across the entire area of the ESCOM. Such approach would not help in identifying the benefits accrued out of such large scale investments. Hence, the Commission directs the ESCOMs to take up works like DTC metering and consumer metering Division wise so that the benefits accrued are easily measurable and analysed for improvements in each Division. This approach would ensure the ESCOM to complete the task in a phased manner covering the entire area of operation over a period of time.

Also, the MESCOM is directed to indicate the manner of usage / disposal of the released meters.

Also, it is to be noted that, during the past four years, i.e., from FY11 to FY14, MESCOM has achieved a total capex of Rs.639.56 Crores as against the total approved capex of Rs.1136.89 Crores, which is 56.25 % of the approved capex.

Keeping in view the above facts and considering the past performances of capital expenditure **the Commission decides to allow the revised capex proposal of Rs.353.89 Crores for the purpose of ARR for FY16, subject to Prudence check** to be conducted by the Commission during the APR.

Further, if MESCOM is likely to incur any additional capex over and above the approved capex, as indicated in its revised capex program for FY16, approval for the same shall be sought separately in due course. The Commission would look into the merits of such investments and would take appropriate decision thereon.

5.2.2 Sales Forecast for FY16:

A. Sale to Categories other than BJ/KJ & IP Sets

MESCOM in its filing has proposed energy sales at 4433.40 MU (excluding 44.72 MU of sales to KPCL and wheeled energy) and the number of installations as 2156915. The Commission, in its preliminary observations, had noted that the overall growth rate proposed by MESCOM is on the lower side compared to the normal growth rates both for the number of installations and quantum of sales. The Commission had also observed that the growth rate for HT Commercial and HT-4 has drastically reduced in FY14 over FY13.

As regards the number of installations, in its replies, MESCOM has stated that:

- a. It has considered CAGR for the period FY10 to FY14 for estimating the number of installations.
- b. In case of LT4 (b) negative growth is considered as the growth rate is reducing since FY12.
- c. In case of HT3 (a) and (b) and HT4 the actuals of FY14 is retained since year on year growth is inconsistent.

Regarding the energy sales, MESCOM, in its replies has stated that:

- a. It has considered CAGR for the period FY10 to FY14 for estimating sales.
- b. In respect of LT4 (b) category growth rate is inconsistent and therefore, negative CAGR is considered.
- c. In respect of HT3 (a) and (b) and HT4, the growth is inconsistent and therefore, FY14 sales are retained.

d. In respect of HT2 (b), the negative growth is due to shifting of installations to the newly formed HT2 (c) category.

As far as the number of installations is concerned, the Commission notes that in respect of LT4 (b) the growth rate was negative till FY12 and has become positive in FY13. Further, the growth rate which was 5.11% in FY13 was reduced to 3.83% in FY14. Thus, the explanation that LT4 (b) growth is reducing since FY12 is incorrect as the actual reduction is seen only in FY14. Regarding HT3 (a) & (b) and HT4, the submissions made by MESCOM are correct, based on the data furnished by MESCOM.

Regarding the energy sales, the Commission notes from the information furnished in the replies that, even though for LT4 (b), the growth is inconsistent, there is a positive growth since FY12. Thus, considering negative growth rate is not justified. The explanation furnished by MESCOM in respect of HT3 (a) & (b), HT4 and HT2 (b), based on the information furnished by it are in order.

The approach of the Commission, in estimating the number of installations as well as energy sales to various categories, is discussed in the following paragraphs:

i) No. of Installations for FY16:

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

- a. The base year number of installations for FY15 is considered as proposed by MESCOM.
- b. Wherever the number of installations estimated by MESCOM for FY16 is within the range of the estimates based on the CAGR for the period FY09 – FY14 and for the period FY11 - FY14, the estimates of MESCOM are retained.

- c. Wherever the number of installations estimated by MESCOM for FY16 is lower than the estimates based on the CAGRs for the period FY09 – FY14 and for the period FY11 - FY14, the estimate based on the lower of the CAGRs are considered.
- d. Wherever the number of installations estimated by MESCOM for FY16 is higher than the estimates based on the CAGRs for the period FY09 – FY14 and for the period FY11- FY14, the estimate based on the higher of the CAGRs are considered.
- e. For LT-4(b), LT-4(c), LT-7, HT(3) and HT-5 categories, the estimates of MESCOM are retained as the growth rate for this category varies from year to year.
- f. For HT-2C category, the estimates of MESCOM are retained as there is no trend available for this category.

Based on the above approach, the total number of installations (excluding BJ/KJ and IP set consumers) estimated by the Commission works out to 1759484 numbers, as against MESCOM's estimates of 1759650.

ii) Energy Sales:

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

- a. The base year sales for FY15 as estimated by MESCOM are validated duly considering the actual sales up to November, 2014 and are observed to be reasonable. Therefore, the revised sales estimate for FY15 of MESCOM is considered for the base year.
- b. Wherever the sales estimated by MESCOM for FY16 is within the range of the estimates based on the CAGR for the period FY09 – FY14 and for the period FY11 - FY14, the estimates of MESCOM are retained.

- c. Wherever the sales estimated by MESCOM for FY16 is lower than the estimates based on the CAGRs for the period FY09 – FY14 and for the period FY11 - FY14, the estimate based on the lower of the CAGRs are considered.
- d. Wherever sales estimated by MESCOM for FY16 is higher than the estimates based on the CAGRs for the period FY09 – FY14 and for the period FY11 - FY14, the estimate based on the higher of the CAGRs are considered.

However, in respect of the following categories, the Commission has adopted the estimates of MESCOM for the reasons as noted against each:

- a. LT4 (b) and (c) and LT-7 categories, the estimates of MESCOM are retained as the growth rate for this category is inconsistent.
- b. For HT3 and HT5 categories, the estimate of MESCOM is retained.
- c. For HT-2C category, the estimates of MESCOM are retained as there is no trend available for this category

Based on the above approach, the sales to categories other than BJ/KJ and IP sets works out to 3227.43 MU (excluding 11.33 MU of sales to KPCL), against MESCOM's estimate of 3220.90 MU.

B. Sales to BJ/KJ and IP sets consumers:

i) Sales to BJ/KJ installations:

The break-up of sales to BJ/KJ installations as filed by MESCOM for FY14 is as indicated below:

Particulars	No. of Installations	Consumption in MU	Specific consumption per installation per
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			month (kWh)
Installations consuming less than 18 units	131011	12.34	7.85
Installations consuming more than 18 units and billed under LT2(a)	52027	29.16	46.71

In respect of installations consuming less than 18 units, considering the number of installations as proposed by MESCOM, the sales in FY16 would be 12.63 MU, with a Specific consumption per installation per month at 7.85 units.

Further, the energy sales pertaining to the remaining BJ/KJ installations, consuming more than 18 units in FY16, works out to 37.78 MU [i.e. specific consumption of 46.71 units per installation per month], which is indicated separately.

ii) Sales to IP Sets

The Commission had approved a specific consumption as 4,597 units / installation / annum for the control period of FY14 to FY16 duly considering the existence of unauthorized IP Sets in the distribution system. However, as per the actual data of Sales to IP Sets during FY14, MESCOM has reported Sales of 1,122.68 MU and 2,47,139 numbers of IP Set installations serviced. Based on this, the specific consumption works out to 4,622 units/installation/annum, which is marginally higher than the specific consumption of 4,597 units/ installation approved by the Commission for FY14 to FY16. This could be attributed to the extra hours of power supply to IP Sets made by the MESCOM. The Commission therefore decides to continue the specific consumption as 4,597 units per installation per annum for the purpose of projection of IP Set Sales for FY16.

It is noted that the number of IP Set installations projected by the MESCOM for FY16 in the current Tariff filing is 2,63,139 numbers, taking into consideration the number of un-authorized IP Sets to be regularized and the growth of installations. The Commission provisionally accepts the figures furnished by the MESCOM for FY16. Hence, based on the estimated number of Installations for FY15 and FY16, the midyear number of installations is determined and the Sales to IP Set consumers are worked out as follows:

Particulars	As per filing by MESCOM	As approved by the Commission
No. of IP Set installations for FY 15	2,55,139	2,55,139
No. of IP Set installations for FY 16	2,63,139	2,63,139
Mid Year No. of Installation for FY 16	2,59,139	2,59,139
Specific consumption in units/ installation / annum	4,623	4,597
Sales in MU	1,198.01	1,191.26

As per the above discussion, the Commission approves 1191.26 MU as sales as against the MESCOM's sales projections of 1198.01 MU for FY16. Further, any variation in sales would be trued up during the Annual Performance Review for FY16.

As discussed in the preceding chapter on APR for FY14, MESCOM needs to furnish the consumption of IP Sets only on the basis of meter readings of the exclusive feeders supplying energy to IP sets, instead of assessing the consumption of IP Sets on the basis of energy meters fixed to DTCs feeding predominant IP Set loads. MESCOM shall consider the actual meter readings of IP Sets wherever the metering has been completed and report the actual consumption of IP Sets on the basis of data from IP Set energy meters every month to the Commission.

Based on the above discussions the category wise approved sales vis-à-vis the estimates made by MESCOM is indicated as below:

TABLE – 5.5
Approved Sales for FY16

Category	Sales for FY-16		No. of installation for FY-16	
	Approved MU	Estimated sales MU	Approved Nos.	Estimate Nos.
LT-2a*	1341.96	1333.30	1493842	1494013
LT-2b	12.74	12.72	3253	3253
LT-3	324.48	324.48	188963	188963
LT-4 (b)	0.98	0.98	176	176
LT-4 (c)	7.17	7.17	3013	3013
LT-5	131.41	132.09	27335	27335
LT-6	115.05	114.69	12473	12465
LT-6	64.06	64.06	17690	17690

LT-7	19.02	19.02	11078	11078
HT-1	87.99	87.99	71	71
HT-2 (a)	782.85	784.45	747	747
HT-2 (b)	152.12	152.12	553	553
HT2C	126.97	126.97	208	208
HT-3(a)&	24.98	24.98	16	16
HT-4	13.78	14.02	46	49
HT-5	21.86	21.86	20	20
BJ/KJ	12.63	14.49	134126	134126
IP	1191.26	1198.01	263139	263139
Total	4431.33	4433.40	2156749	2156915

*Includes BJ/KJ consuming more than 18 units per month

Note: The above sales does not include energy sold to MSEZ

Thus the Commission decides to approve sales of 4442.66 MU including 11.33 MU sales to KPCL for FY16. Further, considering the proposed requirement of 80.84 MU of Mangalore SEZ, the cumulative sales of MESCOM for FY16 will be 4523.50 MU.

5.2.3. Distribution Losses for FY16

MESCOM's Submission:

As per the audited accounts for FY14, MESCOM has reported distribution losses of 11.93% as against an approved loss level of 11.75%. The Commission in its tariff order dated 6th May, 2013 has fixed the target level of losses for FY16 at 11.25%. MESCOM in its filing has proposed to achieve a loss level of 11.65% for FY16.

Commission's analysis and decisions:

The performance of MESCOM in achieving the loss targets set by the Commission in the past five years is as follows:

TABLE – 5.6
Approved & Actuals Distribution Losses – FY10 – FY14

Particulars	Figures in %				
	FY10	FY11	FY12	FY13	FY14
Approved Distribution losses	12.90	12.50	12.10	12.00	11.75
Actual distribution losses	12.64	13.07	12.09	11.88	11.93

From the above data, it is evident that MESCOM has been able to bring down its distribution loss levels from 12.64% in FY10 to 11.93% in FY14 i.e. a reduction by 0.71%. Further, it has proposed loss levels of 11.65% for FY16 which is only 0.28% lower than the actual losses in FY14.

Reduction of distribution losses as proposed by MESCOM should be possible with proposed Capital expenditure on new/augmentation of existing infrastructure and capex incurred in the past. Considering the proposal of MESCOM, the Commission retains the following range of distribution loss levels as specified in its Order dated 6th May, 2013:

TABLE – 5.7
Approved Distribution Losses for FY16

Particulars	Figures in %
	FY16
Upper limit	11.50
Average	11.25
Lower limit	11.00

5.2.4 Power Purchase for FY16:

a) MESCOM's Proposal:

In its application for revision of ARR for FY16, MESCOM has proposed power purchases of 5274.04 MU amounting to Rs.1859.39 Crores for FY16.

The revised projections including the transmission and system operating charges as indicated in the following table:

TABLE - 5.8
Consolidated revised projections filed by MESCOM

Source	Revised Projections for FY-16 as per filings		
	Energy in MU (Million Unit)	Total Cost (Cr)	Cost per Kwh (Rs/Kwh)
KPCL Hydel Stations	1233.62	54.65	0.44
KPCL-Thermal Stations	1691.82	669.20	3.96
KPCL Stations	2925.44	723.85	2.47
CGS	1021.71	373.13	3.65
Major IPPs	373.13	160.21	4.29
Minor-IPPs (NCE Projects)	838.18	309.09	3.69
Other States Projects	15.54	5.35	3.44
Contingent Power purchases (Short term/Medium term/Exchange Purchases)	100.04	53.27	5.32
Transmission Charges	0.00	232.41	0.00
System Operating Charges	0.00	2.08	0.00
TOTAL	5274.04	1859.39	3.53

Commission's analysis and decisions;

Based on the energy sales and the approved distribution and transmission losses in the system, as discussed in the preceding paragraphs, the energy requirement to be allowed for FY16 in respect of ESCOMs including HRECS is computed as follows:

TABLE - 5.9
Energy requirement allowed for FY-16

Particulars	BESCOM	MESCOM	CESC	HESCOM & HRECS	GESCOM	Total
Energy at IF point (MU)	29263.16	5086.65	6719.10	11466.77	7707.66	60243.35
% Transmission Losses	3.80	3.80	3.80	3.80	3.80	3.80
Total Energy Requirement (MU)	30419.09	5287.58	6984.51	11919.71	8012.13	62623.02

The above figure includes the projection of:

- (i) Hukeri Rural Electric Co-operative Society Limited: 249.29 MU and
- (ii) Mangalore SEZ: 80.84 MU

It is seen from the above table that the quantum of power purchase is 62623.02 MU and the overall cost of power purchase for the entire state is estimated at Rs.22514.13 Crores.

The energy requirement of ESCOMs is being met by Karnataka Power Corporation Limited (KPCL), Central Generating Stations (CGS), Major Independent Power producers (Major IPPs) and Renewable Energy sources (Minor IPPs- NCE Sources). The available quantum of energy from these sources is projected by the Power Company of Karnataka Ltd, (PCKL) based on the data furnished by the Karnataka Power Corporation Ltd., Southern Region Power Committee and the State Load Despatch Centre.

The month wise availability of electricity in terms of Mega Watts and Million Units for FY16 has been furnished by PCKL. Except for the short term / medium term power purchase rates, the power purchase rates considered are the current rates admitted for payments by ESCOMs. The power purchase rates considered for the Short term / Medium term sources is at Rs.5.25 per unit, the current weighted average rate admitted by PCKL.

The Commission, while reviewing the power position and power purchase in State from time to time, has been approving the procurement of power through short term/medium Term sources at the rate determined through competitive bidding. During FY14, ESCOMs have purchased short-term power of 6483.66 MU out of the total procurement of 57724.78 MU, which accounts for 11.23% of the total quantum for the year. During FY13, the short-term power purchase was to the tune of 11046.36 MU out of total power purchase of 57182.73 MU, which accounts for 19.32% of the total power purchase for the year.

Though the procurement of short term/medium term procurement has come down during the last couple of years, with a view to limit the cost of short-term power procurement, the Commission reiterates its earlier directive that, any short term/medium Term procurement of power over

and above the rate Rs 4.50 per kWh, shall be made by ESCOMs only with the prior approval of the Commission.

Considering the ESCOMs' approved energy requirement of 62623.02 MU as indicated in the above table 5.9, the available energy from individual sources for FY16 furnished by PCKL is assigned to each of the ESCOMs as per the allocation made by the Government of Karnataka vide its order No: EN 47 PSR 2014, Bangalore dated 26.02.2015.

Any variations in actual quantum of energy and its cost against the quantum allocated as per the Government Order will be reviewed at the time of annual performance review of FY16.

Based on the above said energy requirement and the allocation given by GoK, the power purchase of MESCOM from KPCL Hydro and Thermal stations, Central Generating Stations, Major IPPs, Minor IPPs, and Short term /medium term sources, for FY-16 is consolidated and indicated in the following table:

**TABLE – 5.10
Power Purchase for FY-16**

Source	Capacity Share in MW	Energy Share in %	Energy in MU (Million Unit)	Fixed charges (Cr)	Energy charges (Cr)	Total Cost (Cr)	Cost per Kwh (Rs/Kwh)
KPCL Hydel Stations	356.03	6.98	869.33	13.62	45.53	59.15	0.68
KPCL-Thermal Stations	418.67	10.18	2064.76	183.17	617.60	800.77	3.88
KPCL Stations	774.70	8.96	2934.08	196.79	663.13	859.92	2.93
CGS	213.70	7.03	1009.42	67.21	260.27	327.48	3.24
Major IPPs	54.00	5.00	373.15	64.82	89.38	154.20	4.13
Minor-IPPs (NCE Projects)	0.00	12.90	842.73	0.00	311.63	311.63	3.70
Other States Projects	12.48	8.82	15.54	0.00	2.80	2.80	1.80
Contingent Power purchases (Short term/Medium term/Exchange Purchases)	0.00	8.33	112.66	0.00	59.14	59.14	5.25
Transmission Charges	0.00	0.00	0.00	269.14	0.00	269.14	0.00
System Operating Charges	0.00	0.00	0.00	2.77	0.00	2.77	0.00
TOTAL	1054.87	8.44	5287.58	600.73	1386.35	1987.08	3.76

The source wise approved power purchase of ESCOM's-total and of MESCOM for FY16 is shown in Annexure-1 and Annexure-2 respectively.

Any short fall in the availability of energy beyond the above said approval quantum, shall be met through short term / medium term procurement through competitive bidding, on prior approval of the Commission.

The Commission notes that, consequent to the variation in actual quantum of power purchase against the quantum allocated as per GOK Order, inter ESCOM power purchases have to be settled among ESCOMs. For settlement of inter ESCOM power purchase dues; no mechanism has been put in place. If the inter ESCOMs claims are not settled, it will lead to serious cash flow problems as well as distortion in the revenue/expenditure of the ESCOMs concerned. The Commission has therefore decided that, the inter ESCOM dues as agreed to and confirmed by them should be paid out of the subsidy to be released from Government towards the free supply of power made by ESCOMs to IP set consumers. The ESCOMs are directed to furnish the details of payables in respect of other ESCOMs to the Government, so as to enable the Government to effect necessary adjustments in the subsidy payable to ESCOMs and to ensure that there are no inter ESCOM payments outstanding in their accounts at the end of each year.

5.2.5 O & M Expenses:

MESCOM's Proposal:

MESCOM in its filing has requested to allow O & M expenses of Rs.374.55 Crores for FY16 as follows:

TABLE – 5.11

O&M Expenses-MESCOM's Proposal

Amount in Rs.Crs.

Sl. No	Particulars	FY16
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1	Repairs and Maintenance	38.14
2	Employee Cost	276.04
3	Administrative and General Expenses	60.37
	Total O&M expenses	374.55

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 FY16 duly considering the actual O & M expenses for the base year FY14.

The Commission notes that, the actual O& M expenses for FY14 were Rs.260.06 Crores. Considering the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labour Bureau, Government of India and adopting the methodology followed by CERC with CPI and WPI in the ratio 80 : 20, the allowable inflation for FY16 is computed as follows:

TABLE – 5.12
Calculation of Weighted Average Inflation Index (WII)

Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)* (LnRt)]
2002	87.92	103	99.98				
2003	92.6	107	104.12	1.04	0.04	1	0.04
2004	98.72	111	108.54	1.09	0.08	2	0.16
2005	103.37	116	113.47	1.13	0.13	3	0.38
2006	109.59	123	120.32	1.20	0.19	4	0.74
2007	114.94	131	127.79	1.28	0.25	5	1.23
2008	124.92	142	138.58	1.39	0.33	6	1.96
2009	127.86	157	151.17	1.51	0.41	7	2.89
2010	140.08	176	168.82	1.69	0.52	8	4.19
2011	153.35	192	184.27	1.84	0.61	9	5.50
2012	164.93	209	200.19	2.00	0.69	10	6.94
2013	175.35	232	220.67	2.21	0.79	11	8.71

A= Sum of the product column	32.75
B= 6 Times of A	196.49
C= $(n-1)*n*(2n-1)$ where n= No of years of data=12	3036
D=B/C	6.47%
g(Exponential factor)= Exponential (D)-1	6.69%
e=Annual Escalation Rate (%)=g*100	6.69

For the purpose of determining the normative O & M expenses for FY16, the Commission has considered the following:

- e) The actual O & M expenses for FY13 inclusive of contribution to Pension and Gratuity Trust.
- f) The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts up to FY13.
- g) The inflation factor at 6.69% as computed above.
- h) Efficiency factor at 1% as considered in the earlier two control periods.

Accordingly, the normative O & M expenses approved for FY16 are as follows:

TABLE – 5.13
Approved O & M Expenses for FY16

Particulars	FY16
No. of Installations	2156749
Inflation based on 80% of CPI and 20% of WPI	6.69%
CGI based on 3 Year CAGR	3.86%
Actual O & M expenses for FY13	260.06
O&M expenses for FY16	344.83

Thus, the Commission decides to approve O&M expenses of Rs.344.83 Crores for FY16.

5.2.6 Depreciation:

MESCOM has claimed depreciation of Rs.74.14 Crores for FY16. The depreciation projected by MESCOM for FY16 is as follows:

TABLE – 5.14
Depreciation for FY16 – MESCOM's Proposal

Particulars	Amount in Rs. Crs
	FY-16

Opening Gross Fixed Asset (GFA)	1498.41
Add: Additions during the year	324.78
Less: Retirement of assets	42.10
Closing GFA	1781.09
Net Depreciation for FY16	74.14

MESCOM has stated that the above depreciation is computed after deducting the depreciation on account of assets created from consumer contribution and grants.

Commission's Analysis and Decision:

In accordance with the provisions of the MYT Regulations and its amendment, the Commission has determined the depreciation for FY16 considering the following:

- a) The actual rate of depreciation of assets category wise is determined considering the depreciation and gross block of opening and closing balance of fixed assets as per audited accounts for FY14.
- b) This actual rate of depreciation is considered on the gross block of fixed assets projected by MESCOM in its filing.
- c) The depreciation on account of assets created out of consumer contribution / subsidies are considered as proposed by MESCOM.

Accordingly, the depreciation for FY16 is as follows:

TABLE – 5.15
Approved Depreciation for FY16

Particulars	Amount in Rs. Crs
	FY16
Buildings	1.14
Civil	0.20
Other Civil	0.02
Plant & M/c	14.61
Line, Cable Network	56.13
Vehicles	0.07
Furniture	0.17
Office Equipments	0.03

Net Depreciation	72.37
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The depreciation on account of assets created out of Consumer contribution/grants is already factored in the depreciation computation as per the latest available audited accounts for FY14. The computation of depreciation for FY15 & FY16 by MESCOM is also proposed on the basis of net of assets created out of Consumer contribution/grants. Hence, the Commission has not considered withdrawal of depreciation on account of assets created out of Consumer contribution/grants separately for FY16.

The Commission decides to approve an amount of Rs.72.37 Crores towards depreciation for FY16.

5.2.7 Interest and Finance Charges:

MESCOM has claimed Interest and Finance charges of Rs.248.19 Crores for FY16 as follows:

TABLE – 5.16

Interest and finance charges for FY16- MESCOM's Proposal

Amount in Rs. Crs.

Particulars	FY16
Interest on Loans	69.35
Interest on Working Capital	48.82
Interest on belated payment of power purchase cost	89.91
Interest on Consumers Deposit	39.39
Other Interest & Finance Charges	3.33
Less Interest and other expenses capitalized	2.51
Total Interest & Finance Charges	248.19

5.2.8 Interest on Loans:

MESCOM has requested the Commission to approve interest on loans of Rs. 69.35 Crores for FY16. The data as per Format D9 are as follows:

TABLE – 5.17**Interest on Loan for FY16 – MESCOM's Proposal**

Particulars	Amount in Rs.Crs.	
	FY16	
Opening balance of loans	510.34	
Addition of new loans	283.91	
Less repayment	109.11	
Closing balance of loans	685.14	
Interest on loan	69.35	

Commission's Analysis and Decision:

As per APR of FY14, MESCOM had incurred weighted average rate of interest at 11.48% on long term loans. The proposed interest of Rs.69.35 Crores on the projected average loan of Rs.597.74 Crores works out to a weighted average rate of interest of 11.60%. The Commission has considered new loans of Rs.247.72 Crores which is 70% of the proposed capex of Rs.353.88 Crores for the purpose of computing interest on new loans. Further, the Commission has considered weighted average rate of interest at 11.48% as per actuals in FY14 for existing loans for FY16 and normative interest of 12% per annum for new loans drawn in FY16.

The approved interest on loans for FY16 is as follows:

TABLE – 5.18**Approved Interest on Loans for FY16**

Particulars	Amount in Rs. Crs	
	FY16	
Opening balance of Loans	510.34	
Add new Loans	247.72	
Less Repayments	109.11	
Total loan at the end of the year	648.95	
Average Loan	579.65	
Approved Interest on long term loans	67.17	

5.2.9 Interest on Working Capital:

MESCOM, as per Format D9, has claimed interest on working capital of Rs.48.82 Crores for FY16. However, in its application MESCOM has computed interest of Rs.53.19 Crores on working capital as detailed below:

TABLE – 5.19
Interest on Working Capital-MESCOM's Proposal

Amount in Rs. Crs	
Particulars	FY16
One-twelfth of the amount of O&M Exp.	31.21
Opening GFA	1498.34
Stores, materials and supplies 1% of Opening balance of GFA	14.98
One-sixth of the Revenue	426.58
Total Working Capital	472.78
Rate of Interest (% p.a.)	11.25%
Interest on Working Capital	53.19

Commission's Analysis and Decision:

As per the norms specified under the MYT Regulations, the Commission has computed the interest on working capital which consists of one month's O & M expenses, 1% of opening GFA and two month's revenue. The Commission has considered the rate of interest at 11.75% p.a. Accordingly, the approved interest on working capital is as follows:

TABLE – 5.20
Approved Interest on Working Capital for FY16

Amount in Rs. Crs	
Particulars	FY16
One-twelfth of the amount of O&M Exp.	28.74
Opening GFA	1898
Stores, materials and supplies 1% of Opening balance of GFA	18.98
One-sixth of the Revenue *	387.25
Total Working Capital	434.96
Rate of Interest (% p.a.)	11.75%
Interest on Working Capital	51.11

* Excludes revenue from SEZ

The Commission decides to approve interest on Working capital at Rs.51.11 Crores for FY16.

5.2.10 Interest on Consumer Deposits:

MESCOM in its filing has claimed an amount of Rs.39.39 Crores for FY16.

TABLE – 5.21

Interest on Consumer Deposits –MESCOM’s Proposal

Particulars	Amount in Rs. Crs	
	FY16	
Consumer deposits at the beginning of FY16	417.46	
Consumer deposits addition during the year	20.22	
Consumer deposits as at the end of the year FY16	437.68	
Rate of Interest at bank rate to be allowed as per regulations	9.00%	
Interest on Consumer Deposits	39.39	

Commission’s Analysis and Decision:

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. As per Reserve Bank of India notification dated 15th January, 2015, the bank rate is 8.75%. Accordingly, the Commission has considered bank rate of 8.75% per annum for computation of interest on consumer deposits for FY16.

The Commission has considered the deposits as per audited accounts of FY14 and projected deposits for FY15 & FY16 with normative annual increase and has computed the allowable interest on consumer deposits.

TABLE – 5.22

Approved Interest on Consumer Deposits for FY16

Particulars	Amount in Rs. Crs	
	FY16	
Average consumer deposits for FY16	437.68	
Rate of Interest at bank rate to be allowed as per regulations	8.75%	
Approved Interest on Consumer Deposits	38.30	

Thus the Commission decides to approve an amount of Rs.38.30 Crores as interest on consumer deposits for FY16.

5.2.11 Other Interest and Finance Charges:

MESCOM has claimed an amount of Rs.3.33 Crores towards other interest and finance charges which includes charges payable to banks / financial institutions. Keeping in view the expenditure on this item in the earlier years, the Commission decides to approve the same for the purpose of ARR.

5.2.12 Interest and other expenses Capitalized

MESCOM has claimed an amount of Rs.2.51 Crores towards capitalization of interest and other expenses. The Commission decides to accept the same.

The abstract of approved interest and finance charges for FY16 are as follows:

TABLE – 5.23

Approved Interest and finance charges for FY16

Amount in Rs. Crs.

Particulars	FY16
Interest on Loans	67.17
Interest on Working Capital	51.11
Interest on Consumers Deposits	38.30
Other Interest & Finance Charges	3.33
Less Interest & other expenses capitalized	2.51
Total Interest & Finance Charges	157.39

5.2.13 Return on Equity:

MESCOM in its filing has computed RoE of Rs.72.25 Crores for FY16 considering an equity of Rs.372.84 Crores.

Commission's analysis and decision:

The Commission has considered the actual amount of share capital and reserves & surplus as per the audited accounts for FY14 as base values for

arriving at the allowable RoE for FY16. Further, the Commission, in accordance with the provisions of the MYT Regulations 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. Further, as per the Order of ATE in appeal No.46/2014, the Commission has considered an amount of Rs.26.00 Crores as recapitalized consumer security deposit as net worth for computation of equity for FY16. Thus, the approved Return on Equity for FY16 is as follows:

TABLE – 5.24
Approved RoE for FY16

		Amount in Rs.Crs.
Sl. No	Particulars	FY16
1	Paid Up Share Capital	216.07
2	Share Deposit	14.00
3	Reserves and Surplus	114.38
4	Less Re-capitalised consumer security deposit as networth as per Order of ATE in appeal No.46/2014	26.00
5	Total Equity	318.45
6	Approved RoE with MAT	61.71

The Commission decides to approve RoE of Rs.61.71 Crores for FY16.

Further, in compliance to the Order of the Hon'ble ATE in appeal No. 46 of 2014, wherein it is directed to indicate the opening and closing balance of gross fixed assets along with break-up of equity and loan component in the tariff order hence forth, the details of GFA, debt and equity (Networth) for FY16 are as follows:

TABLE – 5.25
Debt and Equity Component of GFA – FY16

Particulars	Estimated GFA	Estimated Debt	Estimated Equity (Networth)	Normative Debt @ 70% of GFA	Normative Equity (Networth) @ 30% of GFA	% of actual Debt on GFA	% of actual Equity (Networth) on GFA
Opening balance	1498.41	510.34	318.45	1048.89	449.52	34.06%	21.25%
Closing balance	1781.09	648.95	367.81	1246.76	534.33	36.44%	20.65%

From the above table it is evident that the estimated debt is 36.44% as against normative debt of 70% on closing balance of GFA. Also the estimated equity (networth) is 20.65% as against normative equity of 30%.

Hence, the RoE on equity (networth) has been allowed within the normative levels as per Regulations.

Since the above data is based on the estimations, the Commission will review the same based on the actual data at the time of Annual Performance Review for FY16.

5.2.14 Other Income:

MESCOM has indicated an amount of Rs.95.97 Crores as other income for FY16. The other income mainly includes income from incentives, miscellaneous recoveries, interest on bank deposits, rent from staff quarters and sale of scrap. The Commission decides to approve an amount of Rs.95.97 Crores as other income for FY16.

5.2.15 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 enable MESCOM to conduct consumer awareness and grievance redressal meetings periodically and to institutionalize a mechanism for addressing common problems of the consumers. The Commission has already issued guidelines for consumer education and grievance redressal activities, and is monitoring its implementation.

The Commission decides to continue providing an amount of Rs.0.50 Crore for FY16 towards meeting expenditure on consumer relations / consumer education.

The Commission directs MESCOM to submit a detailed plan of action for utilization of this amount within two months from the date of issue of this Tariff Order and also maintain a separate account of these funds and furnish the same at the time of APR.

5.3 Abstract of ARR for FY16:

In the light of the above analysis and decisions of the Commission, the following is the approved ARR for the control period FY16:

TABLE – 5.26
Approved consolidated ARR for FY16

Amount in Rs.Crs.

Sl. No	Particulars	FY16		
		As Appd 06.05.2013	As Filed 08.12.2014	Approved Revised ARR
	Revenue at existing tariff in Rs Crs			
1	Revenue from tariff and Misc Charges		1834.22	1897.35
2	Tariff Subsidy		473.68	470.07
3	Total Existing Revenue		2307.90	2367.42*
	Expenditure in Rs Crs			
4	Power Purchase Cost	1763.94	1691.86	1767.36
5	Transmission charges of KPTCL	225.37	180.48	217.21
6	SLDC Charges	1.82	1.83	2.52
7	Power Purchase Cost including cost of transmission	1991.13	1874.17	1987.08
8	Employee Cost		276.04	
9	Repairs & Maintenance		38.14	
10	Admin & General Expenses		60.37	
11	Total O&M Expenses	340.77	374.55	344.83
12	Depreciation	93.18	74.14	72.37
	Interest & Finance charges			
13	Interest on Loans	60.47	69.35	67.17
14	Interest on Working capital	50.90	48.82	51.11
15	Interest on belated payment on PP Cost		89.81	0
16	Interest on consumer deposits	38.88	39.39	38.30
17	Other Interest & Finance charges	0.29	3.33	3.33
18	Less interest capitalised	3.26	2.51	2.51
19	Total Interest & Finance charges	147.28	248.19	157.39
20	Other Debits	0	3.75	0
21	Net Prior Period Debit/Credit	0	0	0
22	RoE	73.85	72.25	61.71
23	Provision for taxation	0	0	0
24	Funds towards Consumer Relations/Consumer Education	0.5	0.5	0.5
25	Other Income	45.00	95.97	95.97
26	ARR	2601.71	2551.58	2527.91
27	Deficit/Surplus of FY14 carried forward		-50.99	86.00
28	Regulatory asset for FY13		62.63	-50.51
29	Net ARR	2601.71	2665.20	2492.42

* Includes revenue from SEZ

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

The following is the approved ratio for segregation of ARR for Distribution Business and Retail supply business:

TABLE – 5.27
Approved Segregation of ARR

Particulars	Distribution Business	Retail Supply Business
O&M	39%	61%
Depreciation	84%	16%
Interest on Loans	100%	0%
Interest on Consumer Deposits	0%	100%
RoE	78%	22%
GFA	84%	16%
Non Tariff Income	7%	93%

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

TABLE – 5.28
APPROVED REVISED ARR FOR DISTRIBUTION BUSINESS

Amount in Rs.Crs.

Sl. No	Particulars	FY16
1	R&M Expenses	
2	Employee Expenses	
3	A&G Expenses	134.49
4	Depreciation	60.79
	Interest & Finance Charges	
5	Interest on Loan Capital	67.17
6	Interest on Working Capital	7.04
7	Interest on Consumer Deposits	0.00
8	Other Interest & Finance Charges	3.33
9	Less: Interest & other expenses capitalised	2.51
10	Other Debits (incl. Prov for Bad debts)	0.00
	Extraordinary Items	
	Other (Misc.)-net prior period credit	
11	Total	270.30
12	ROE	48.13
13	Other Income	6.72
14	Provision for taxes	0.00
15	NET ARR	311.72

TABLE – 5.29

APPROVED REVISED ARR FOR RETAIL SUPPLY BUSINESS

Amount in Rs.Crs.

Sl. No	Particulars	FY16
1	Power Purchase including SLDC charges	1987.08
	R&M Expenses	
	Employee Expenses	
2	A&G Expense	210.35
3	Depreciation	11.58
	Interest & Finance Charges	
4	Interest on Loan Capital	0.00
5	Interest on Working Capital	44.07
6	Interest on Consumer Deposits	38.30
7	Other Interest & Finance Charges	0.00
8	Less: Interest & other expenses capitalised	0.00
9	Other Debits (incl. Prov for Bad debts)	0.00
10	Extraordinary Items	0.00
11	Other (Misc.)-net prior period credit	0.00
12	Total	2291.38
13	ROE	13.58
14	Other Income	89.25
15	Provision for taxes	0.00
16	Fund towards Consumer Relations / Consumer Education	0.50
17	NET ARR	2216.20

5.5 Gap in Revenue for FY16:

The Commission had, in its Tariff Order issued on 12th May, 2014, determined an unfilled revenue gap of Rs. 257.46 Crores in respect of MESCOM for FY15. Out of this, an amount of Rs.156.44 Crores was built into the revised tariff for FY15. The remaining uncovered gap of Rs.101.02 Crores was set apart as Regulatory Asset, to be recovered over two years, i.e., FY16 and FY17. As discussed in Chapter-IV of this Order, Rs. 86.00 Crores of surplus revenue for FY14 is also to be factored to the above gap of Rs.101.02 Crores for being recovered in the coming financial years. Considering the approved ARR for FY16 at Rs.2527.91 Crores and the estimated revenue at the existing tariff of Rs.2367.42 Crores, the gap in revenue for FY16 will be Rs.160.49 Crores. Thus, the total gap in revenue in FY16 amounts to Rs.175.51 Crores.

The Commission has noted that the cost of procurement of power, which went up substantially between FY11 and FY13, has since stabilized and has shown a marginal decline in the years FY14 and FY15. There are also indications of a significant decline over the next two years in the cost of procurement of power, particularly from thermal power stations, due to the declining trend in prices of imported coal. Even though this may be somewhat offset by the increased cost of power procured from renewable sources of energy, particularly the solar and wind energy sources, the overall unit cost of power to be procured over the next two years is likely to remain stable or show a marginal decline.

For the above reasons, the Commission considers it advisable to spread the recovery of the unfilled revenue gap of Rs.175.51 Crores to be recovered in the two years of FY16 and FY17 to ensure a more even trajectory of tariff determination. Therefore, the Commission proposes that the gap to be filled by increase in tariff for FY16 should be limited to Rs.81.37 Crores in the case of MESCOM. The tariff at the rate as determined for FY16 will be approximately adequate to recover the remaining unfilled gap of Rs.94.14 Crores during FY17.

Further, the Commission while reviewing the prudence of capital investment for FY13 to FY14 as discussed in Chapter 4 of this order has decided to disallow the following amount towards imprudent investments:

Sl. No.	Particulars	Amount in Rs.Crs.
	Disallowance of interest and finance charges and depreciation on imprudent investments in FY13 – 14	1.89
	TOTAL	1.89

Thus the Regulatory Asset to be carried forward for FY17 will be Rs.92.25 Crores.

In the light of the above analysis, the Commission determines the additional revenue to be raised by revision of tariff for FY16 at Rs. 81.37 Crores. The net ARR and the gap in revenue for FY16 are shown in the following table:

TABLE – 5.30
Revenue gap for FY16

Particulars	FY16
Net ARR including carry forward gap of FY14 (in Rs. Crores)	2492.42
Approved sales (in MU)	4523.50
Average cost of supply for FY16 (in Rs./unit)	5.51
Revenue at existing tariff (in Rs. Crores)	2367.42
Gap in revenue for FY16 (in Rs. Crores)	125.00
Regulatory asset to be recovered in FY17 (in Rs. Crores)	92.25
Balance revenue gap to be collected by revision of tariff for FY16 (in Rs. Crores)	81.37
Average cost of supply for FY16 (in Rs./unit) (Without Regulatory Asset)	5.41

The determination of revised retail supply tariff on the basis of the above approved ARR is detailed in the following Chapter. The additional revenue from the revision of tariff to different categories of consumers other than IP sets and BJ/KJ households is estimated at Rs.81.37 Crores.

CHAPTER – 6

DETERMINATION OF TARIFF FOR FY16

6.0 MESCOM'S Proposal and Commission's Analysis for FY16:

6.1 **Tariff Application**

As discussed in the preceding Chapters, MESCOM has projected an unmet gap in revenue of Rs.357.30 Crores for FY16. In order to bridge this gap in revenue, MESCOM, in its Tariff Application, has proposed a tariff increase of 80 paise per unit in respect of all the categories of 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 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 higher. 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 / consumer category wise. The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage levels. Therefore, the Commission has decided to continue the average cost of supply approach for recovery of the ARR. With regard to the indication of voltage wise cross subsidy with reference to the voltage wise cost of supply, the decision of the Commission is noted in the subsequent para of this Chapter.

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 FY16:

The Commission in its preceding Chapters has decided the ARR of FY16. Further, the Commission has decided to set aside Rs.92.25 Crores as Regulatory Asset. The balance unmet gap in revenue for FY16 is proposed to be filled up by revision of Retail Supply Tariff as discussed in the following paragraphs of this Chapter.

Considering the approved ARR for FY16 and the revenue as per the existing tariff, the gap in revenue for FY16 is as follows:

TABLE – 6.1
Revenue Deficit for FY16

Amount Rs. in Crs.

Particulars	Amount
Approved Net ARR for FY16 including gap of FY14	2492.42
Revenue at existing tariff	2367.42
Surplus / deficit	(125.00)
Carried forward Regulatory Asset of FY15 proposed to be collected in FY17.	50.51
Total Deficit at the end of FY16.	(175.51)
Additional Revenue to be realised by Revision of Tariff	81.37
Disallowances for imprudent expenditure	1.89
Regulatory Asset set aside for FY17 including the Regulatory Asset of FY15.	(92.25)

Accordingly, in this Chapter, the Commission has proceeded to determine the retail supply tariff for FY16. The category-wise tariff as existing, as proposed by MESCOM and as approved by the Commission are as follows:

1. LT-1 Bhagya Jyothi

The existing tariff and the tariff proposed are given below:

Sl. No	Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
1	Energy charges (including recovery towards service main charges)	528 Paise / Unit Subject to a monthly minimum of Rs. 30 per installation per month.	608 Paise / Unit Subject to a monthly minimum of Rs. 30 per installation per month.

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. The tariff payable by these consumers is revised to Rs.5.41 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
541 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. 5.41 per unit subject to a 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. LT 2 - Domestic Consumers:

MESCOM's Proposal:

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

Proposed Tariff for LT-2 (a)

LT-2 a (i) Domestic Consumers Category

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

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
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 270 paise/unit	0 to 30 units 350 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units 400 paise/unit	31 to 100 units 480 paise / unit
	101 to 200 units 525 paise /unit	101 to 200 units 605 paise /unit
	Above 200 units 625 paise /unit	Above 200 units 705 paise /unit

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

Applicable to Areas under Village Panchayats

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
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 260 paise /unit	0 to 30 units 340 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units 370 paise / unit	31 to 100 units 450 paise / unit
	101 to 200 units 495 paise /unit	101 to 200 units 575 paise /unit
	Above 200 units 575 paise /unit	Above 200 units 655 paise /unit

Commission's Views/ Decision

The Commission has decided to continue the two tier tariff structure 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.	Up to 30 units: 270 paise/unit
Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 400 paise/unit
	101 to 200 units: 540 paise/unit
	Above 200 units: 640 paise/unit

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

Details	Tariff approved by the Commission
Fixed Charges per Month	For the first KW Rs. 15/-
	For every additional KW Rs.25/-
Energy Charges up to 30 Units per month (0-30 Units)- Lifeline Consumption	Up to 30 units: 260 paise/unit
Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 370 paise/unit
	101 to 200 units: 510 paise/unit
	Above 200 units: 590 paise/unit

3. LT2 (b) Private Professional Educational Institutions & Pvt. Hospitals and Nursing Homes

MESCOM's Proposal:

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

LT 2 (b) Private and Professional Educational Institutions & Pvt. Hospitals and Nursing Homes

LT 2 (b) (i) Applicable to all areas coming under urban Local Bodies including Municipal Corporations

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
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: 600 paise per unit	For the first 200 units: 680 paise per unit
	For the balance units: 720 paise per unit	For the balance units: 800 paise per unit

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

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
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: 550 paise per unit	For the first 200 units: 630 paise per unit
	For the balance units: 670 paise per unit	For the balance units: 750 paise per unit

Commission's Views/ Decision

As in the previous Tariff Order dated 12th May, 2014, the Commission decides to continue the tariff at two levels i.e.

- (i) Municipal Corporation Areas and Areas coming under Urban Local bodies.
- (ii) Areas under Village Panchayats.

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

Applicable to areas 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 per Month.
Energy Charges	0-200 units: 600 paise/unit
	Above 200 units: 720 paise/unit

Approved Tariff for LT 2 (b) (ii) Private Professional and other private 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 per Month
Energy Charges	0-200 units: 550 paise/unit
	Above 200 units: 670 paise/unit

4. LT3- Commercial Lighting, Heating and Motive Power.

MESCOM's Proposal:

The existing and proposed tariff are as follows:

LT- 3 (i) Commercial Lighting, Heating and Motive Power

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Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.40 per KW	Rs.40 per KW
Energy Charges	For the first 50 units: 675 paise per unit	For the first 50 units: 755 paise per unit
	For the balance units: 775 paise per unit	For the balance units: 855 paise per unit

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

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
Fixed Charges	Rs.55 per KW	Rs.55 per KW
Energy Charges	For the first 50 units: 675 paise per unit	For the first 50 units: 755 paise per unit
	For the balance units: 775 paise per unit	For the balance units: 855 paise per unit

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

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs. 30 per KW	Rs.30 per KW
Energy Charges	For the first 50 units: 625 paise per unit	For the first 50 units: 705 paise per unit
	For the balance units: 725 paise per unit	For the balance units: 805 paise per unit

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

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
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Fixed Charges per Month	Rs.45 per KW	Rs.45 per KW
Energy Charges	For the first 50 units: 625 paise per unit	For the first 50 units: 705 paise per unit
	For the balance units: 725 paise per unit	For the balance units: 805 paise per unit

Commission's Views/ Decision.

As in the previous Tariff Order dated 12th May, 2014, the Commission decides to continue tariff at two levels i.e.

- (i) Municipal Corporation areas and areas coming under other urban local bodies
- (ii) Areas under Village Panchayats

Approved Tariff for LT- 3 (i) Commercial Lighting, Heating & Motive Power

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Details	Approved by the Commission
Fixed Charges per Month	Rs. 40 per KW
Energy Charges	For the first 50 units: 695 paise/ unit
	For the balance units: 795 paise/unit

Approved Tariff for 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: 695 paise /unit
	For the balance units 795 paise/unit

**Approved Tariff for LT-3 (ii) Commercial Lighting Heating & 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: 645 paise per unit
	For the balance units: 745 paise per unit

Approved Tariff for 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: 645 paise per unit
	For the balance units: 745 paise per unit

5. LT4-Irrigation Pump Sets:

MESCOM's Proposal:

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

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

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Nil	Free (In case GoK does not release the subsidy in advance, CDT of 469 paise per unit will be demanded and collected from Consumers)
Energy Charges	CDT 389 paise per unit	

Commission's Views/ Decision

The Government of Karnataka has extended free supply of power to farmers as per Government Order No.EN 55 PSR 2008 dated 04.09.2008. As per this policy of GoK, the entire cost of supply to IP sets up to and inclusive of 10 HP is being borne by the GoK through tariff subsidy. In view of this all the 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 determines the tariff for IP Set under LT4(a) category as follows:

Approved CDT for IP Sets for FY16

Particulars	MESCOM
Approved ARR in Rs crore	2492.42
Revenue from other than IP & BJ/KJ in Rs crore	1891.42
Amount to be recovered from IP & BJ/KJ in Rs crore	513.72
Regulatory Asset of FY16 Rs.in Crs	43.63
Approved Sales to BJ/KJ in MU	12.63
Revenue from BJ/KJ at Average Cost of supply in Rs crore	6.83
Amount to be recovered from IP Sets category in Rs crore	506.29
Approved Sale to IP Sets in MU	1191.26
Commission Determined Tariff (CDT) for IP set Category for FY16 in Rs/Unit	4.25

Accordingly, the Commission decides to approve tariff of Rs.4.25 per unit as CDT for FY16 for IP Set category under LT4(a). In case the GoK does not release the subsidy in advance, a tariff of Rs.4.25 per unit shall be demanded and collected from these consumers.

Approved by the Commission

LT-4 (a) Irrigation Pump Sets

Applicable to IP sets up to and inclusive of 10 HP

Details	Approved by the Commission
Fixed Charges per Month	Free
Energy Charges	
CDT (Commission Determined Tariff): 425 paise per unit	

*** In case the GoK does not release the subsidy in advance, a tariff of Rs. 4.25 per unit shall be demanded and collected from these consumers.**

PAYMENT OF SUBSIDY BY GOVERNMENT OF KARNATAKA FOR FY16:

MESCOM's ARR for FY16 approved by the Commission includes estimated revenue of Rs.506.29 Crores to be obtained against supply of 1191.26 MUs of power to 263139 IP sets at the Commission determined tariff of Rs.4.25 per unit. This amount is to be released by the Government of Karnataka as subsidy in view of the Government's policy of supplying electricity free of cost to farmers with irrigation pump sets with less than 10 HP capacity.

Several consumers have expressed before the Commission their view that ESCOMs may be showing part of their AT&C losses against IP Set consumption reported by them. The Commission had earlier issued several directives for Energy Auditing at the Distribution Transformer Centre (DTC) level to enable detection and prevention of commercial losses and to assess the consumption of power by IP sets more accurately. These directions of the Commission have not been fully complied with so far. The Commission, therefore, is of the view that the ESCOMs should be mandated to achieve definite milestones in regard to a more accurate assessment of consumption of power for irrigation pumpsets and to adopt measures to assess Billed Energy as against Input Energy in respect of

each feeder, including agricultural feeders. In this regard, the Commission has decided to advise the State Government to release 90% of the subsidy assessed above in monthly instalments. The balance 10% is to be withheld till towards the end of the financial year subject to MESCOM's compliance with the requirement of assessing IP Set consumption and carrying out energy auditing as specified below.

MESCOM shall implement the monthly reading of the energy supplied from every DTC along with reading of consumer meters commencing with all the DTCs in at least ten per cent of the feeders (other than separated IP Set feeders) from April 2015 and introducing the system in all its feeders by the end of January 2016. In the case of feeders separated under NJY, supplying energy exclusively for irrigation purposes, the feeder level meter reading shall be recorded on 1st of every month to assess the feeder wise consumption by the IP sets. In the case of MESCOM the amount of subsidy to be linked to the compliance of the following during FY16 shall be Rs.50.63 Crores.

MESCOM shall submit results of the above energy audit in each feeder and the IP sets consumption recorded in respect of agricultural feeders to the Commission in prescribed formats every month. The Commission will in the last quarter of the financial year advise the Government to release the balance 10 % of the subsidy for the year on satisfactory compliance of the above directions.

LT4 (b) Irrigation Pump Sets above 10 HP:

MESCOM's Proposal

The 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 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy Charges for the entire consumption	215 paise per unit	295 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 of 10 HP**

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs. 20 per HP	Rs. 20 per HP
Energy Charges	215 paise per unit	295 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 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy Charges	215 paise per unit	295 paise per unit

Approved Tariff:

As in the previous Tariff Order dated 12th May 2014, 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	240 paise/unit

LT4(c) (i) Irrigation Pump Sets

**Applicable to Horticultural Nurseries,
Coffee, Tea & Rubber plantations up to & inclusive of 10 HP**

Fixed Charges per Month	Rs. 20 per HP per month.
Energy Charges	240 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	240 paise/unit

6. LT5 Installations-LT Industries:

MESCOM's Proposal

The existing and proposed tariffs are given below:

**LT-5 LT Industries:
Applicable to all areas under MESCOM**

i) Fixed charges

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
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 2014 Tariff order	Proposed by MESCOM
Fixed Charges per Month	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 2014 Tariff Order	Proposed by MESCOM
For the first 500 units	455 paise per unit	535 paise/ unit
For the next 500 units	535 paise per unit	615 paise/ unit
For the balance units	565 paise per unit	645 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	(+) 100 paise per unit

Commission's Views / Decisions:

Time of the Day Tariff:

As per the decision of the Commission in its earlier Tariff Orders the mandatory Time of Day Tariff for HT2(a), HT2(b) and HT2(c) consumers with a contract demand of 500 KVA and above is continued. The optional ToD would continue as existing earlier for HT2(a), HT2(b) and HT2(c) 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 decides to re-classify the consumer using power supply for exclusive ironing and exclusive tailoring hither to classified under LT3 Tariff schedule under LT5 Tariff Schedule.

Further, the Commission has noted the anomalies in prevailing two levels of tariff category under LT-5 tariff schedule between BESCO and other ESCOMs, as far as industries coming under Municipal areas are concerned. To remove the anomalies in applicability of tariff category, the Commission decides to introduce two levels of tariff category under LT-5 tariff schedule as LT-5(a) and LT-5(b) as follows:-

Approved Tariff for LT 5 :

Approved Tariff for LT 5 (a):

Applicable to areas under Municipal Corporations

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

Demand based Tariff (optional)

Fixed Charges per Month	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

ii) Energy Charges

Details	Approved by the Commission
For the first 500 units	475 paise/unit
For the next 500 units	555 paise/ unit
For the balance units	585 paise/unit

Approved Tariff for LT 5 (b):**Applicable to all areas other than those covered under LT-5(a)****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)

Fixed Charges per Month	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	470 paise/ unit
For the next 500 units	550 paise/ unit
For the balance units	580 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

7. LT6 Water Supply Installations and Street Lights

MESCOM's Proposal:

The existing and the proposed tariffs are given below:

LT-6(a) : Water Supply

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs. 35/HP/month	Rs. 35/HP/month
Energy Charges	330 paise/unit	410 paise/unit

LT-6 (b) : Public Lighting

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs. 50/KW/month	Rs. 50/KW/month
Energy Charges	485 paise/unit	565 paise/unit

Commission's decision:

The Commission decided to include surveillance cameras at traffic locations belonging to Government under LT6(b) Tariff schedule.

The Commission approves the tariff for this category as follows:

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

Details	Approved Tariff
Fixed Charges per Month	Rs. 35 /HP/month
Energy Charges	340 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	500 paise/unit
LED Lighting	400 paise/unit

8. LT 7- Temporary Installations and Advertising Hoardings:

MESCOM's Proposal:

The existing rate and the rate proposed are given below:

Temporary Supply

Details	Existing as per 2014 Tariff Order	Proposed by MESCOM
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a) Less than 67 HP:	Energy charge at 900 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.	Energy charge at 980 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.
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Commission's Views/Decision

As decided in the previous Tariff Order dated 12th May, 2013, the tariff specified for installations with sanctioned load/contract demand above 67 HP is covered under the HT temporary tariff category under HT5.

Further, the Commission decides to bifurcate the existing LT7 tariff schedule applicable to both for temporary and permanent connection basis into two levels of tariff category under LT7(a) applicable to temporary power supply for all purposes and LT7(b) power supply on permanent connection basis.

The Commission decides to approve the tariff for LT-7 category as below.

APPROVED TARIFF SCHEDULE LT-7 (a)

Applicable to temporary Power Supply for all purposes

LT-7(a)	Details	Approved Tariff
Temporary Power Supply for all purposes	Less than 67 HP:	Energy Charge at 900 paise / unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

APPROVED TARIFF SCHEDULE LT-7 (b)

Applicable to Hoardings & Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Direction boards, and other sign boards sponsored by the Private Advertising Agencies/firms on permanent connection basis.

LT-7(b)	Details	Approved Tariff
Power Supply on Permanent connection basis	Less than 67 HP:	Fixed Charges at Rs. 40 per KW / month Energy Charges at 900 paise / unit

9. H.T. Categories:

Time of the Tariff (ToD)

The Commission decides to continue the mandatory Time of Day Tariff for HT2 (a), HT2 (b) and HT2 (c) consumers with a contract demand of 500 KVA and above. Further, the optional ToD would continue as existing earlier for HT2 (a), HT2 (b) and HT 2(c) 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

MESCOM's Proposal:

The Existing and the Proposed tariff

Sl. No.	Details	Existing tariff as per 2014 Tariff Order	Proposed tariff
1	Demand Charges	Rs. 180 / kVA of billing Demand / month	Rs. 180 / kVA for billing demand / month
2	Energy Charges	400 paise per unit	480 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 (-) 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

Commission's Views/Decision:

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

Approved Tariff for HT 1

Details	Tariff approved by the Commission
Demand Charges	Rs180 / kVA of billing demand / month
Energy Charges	Rs 410 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

MESCOM's Proposal:

**The existing and proposed tariff – HT – 2 (a) - HT Industries are as follows
Applicable to all areas of MESCOM**

Details	Existing tariff as per Tariff Order 2014	Proposed by MESCOM
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	570 paise per unit	650 paise per unit
(iv) For the balance units	600 paise per unit	680 paise per unit

Railway traction and Effluent Plants

Details	Existing tariff as per Tariff Order 2014	Proposed by MESCOM
Demand Charges	Rs. 180 / kVA at billing demand / month	Rs. 180 / kVA of billing demand / month
Energy Charges	540 paise per unit for all the units	620 paise per unit for all the units

Existing ToD Tariff to HT-2(a)

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-2(a)

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

Commission's Views / Decisions:

Approved Tariff for HT – 2 (a)

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

Applicable to all areas of MESCOM

Details	Approved Tariff
Demand Charges	Rs. 170/ kVA of billing demand / month
Energy Charges	
For the first one lakh units	585 paise/ unit
For the balance units	615 paise/ unit

Railway Traction & Effluent Treatment Plants

Details	Tariff approved by the Commission
Demand Charges	Rs180 / kVA of billing demand / month
Energy Charges	Rs 555 paise / unit for all the units

12. HT-2 (b) HT Commercial

MESCOM's Proposal:

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

Applicable to all areas of MESCOM

Details	Existing tariff as per Tariff Order 2014	Proposed by MESCOM
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	715 paise per unit	795 paise per unit
(ii) For the balance units	745 paise per unit	825 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 MESCOM

Details	Tariff approved by the Commission
Demand Charges	Rs. 190 / kVA of billing demand / month
Energy Charges	
(i) For the first two lakh units	735 paise per unit
(ii) For the balance units	765 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 temporary category HT5.

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

Existing and proposed Tariff for HT – 2 (c) (i)

Applicable to Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitals
and

Universities, Educational Institutions belonging to Government, Local Bodies and Aided Institutions and Hostels of all Educational Institutions

Details	Existing Tariff as per Tariff Order 2014	Proposed by MESCOM
Demand Charges	Rs. 170 / kVA of billing demand / month	Rs. 170 / kVA of billing demand / month
Energy Charges		
(i) For the first one lakh units	540 paise per unit	620 paise per unit
(ii) For the balance units	590 paise per unit	670 paise per unit

Existing and proposed tariff for HT – 2 (c) (ii)

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

Details	Existing Tariff as per Tariff Order 2014	Proposed by MESCOM
Demand Charges	Rs. 170 / kVA of billing demand / month	Rs. 170 / kVA of billing demand / month
Energy Charges		
(i) For the first one lakh units	640 paise per unit	720 paise per unit
(ii) For the balance units	690 paise per unit	770 paise per unit

Commission's Views / Decisions:

The Commission approves the following tariff for HT2(c) consumers.

Approved tariff for HT – 2 (c) (i)

**Applicable to Government Hospitals & Hospitals run by Charitable Institutions & ESI
Hospitals**

and

**Universities, 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	560 paise per unit
(ii) For the balance units	610 paise per unit

Approved tariff for HT – 2 (c) (ii) -

**Applicable to Hospitals and 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	660 paise per unit
(ii) For the balance units	710 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 (-) 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

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

MESCOM's Proposal:

The existing and proposed tariff for 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 2014	Proposed charges by MESCOM
Energy Charges/ minimum Charges	150 paise / unit Subject to an annual minimum of Rs.1000 per HP / annum	230 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 fed
through
Express / Urban feeders**

Details	Existing Tariff as per Tariff Order 2014	Proposed by MESCOM
Fixed charges	Rs. 30 / HP / Month of sanctioned load	Rs. 30 / HP / Month of sanctioned load
Energy charges	150 paise / unit	230 paise / unit

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

Details	Existing Tariff as per Tariff Order 2014	Proposed by MESCOM
Fixed Charges	Rs. 10 / HP / Month of sanctioned load	Rs. 10 / HP / Month of sanctioned load
Energy Charges	150 paise / unit	230 paise / unit

Commission's decision:

The Commission approves the Tariff for this category as follows:-

Approved tariff for HT 3 (a) (i)

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

Energy Charges / Minimum Charges	170 paise/ unit subject to an annual minimum of Rs. 1000 per HP / annum
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Approved tariff for HT 3 (a) (ii)

**Applicable to Private Lift Irrigation Schemes and Lift Irrigation Societies fed
through express / urban feeders**

Fixed Charges	Rs. 30 / HP / Month of sanctioned load
Energy Charges	170 paise / unit

Approved tariff for HT 3 (a) (iii)

**Applicable to Private Lift Irrigation and Lift Irrigation Societies
other than those fed through express/ urban feeders**

Fixed Charges	Rs. 10 / HP / Month of sanctioned load
Energy Charges	170 paise / unit

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

MESCOM's Proposal:

The existing and the proposed tariff are given below:

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

Details	Existing Tariff as per Tariff Order 2014	Proposed tariff by MESCOM
Energy Charges / Minimum Charges	350 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load	430 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load

Commission's decision:

The Commission approves the tariff 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	370 paise / unit subject to an annual minimum of Rs.1000 per HP of sanctioned load

15. HT4- Residential Apartments/ Colonies

MESCOM's Proposal:

The existing and proposed tariff for this category are given below:

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

Details	Existing tariff as per Tariff Order 2014	Proposed tariff by MESCOM
Demand Charges	Rs. 100 / kVA of billing demand	Rs. 100 / kVA of billing demand
Energy Charges	530 paise per unit	610 Paise/ unit

Commission's decision

The approved Tariff is as follows:-

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

Demand Charges	Rs. 100 / kVA of billing demand
Energy Charges	550 Paise/ unit

16. TARIFF SCHEDULE HT-5

MESCOM's Proposal:

The existing and proposed tariff for this category are given below:

HT – 5 – Temporary supply

67 HP and above:	Existing as per Tariff Order 2014	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	900 paise / unit (weekly minimum of Rs.160/- per KW is not applicable)	980 paise / unit (weekly minimum of Rs. 160/- per KW is not applicable)

Commission's Views/Decisions:

TARIFF SCHEDULE HT-5

As approved in the Tariff Order, dated 12th May, 2014, this tariff is applicable to 67 HP and above hoardings and advertisement boards and construction power for industries but excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation, power projects and Konkan railway projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

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	900 paise / unit

The Approved Tariff schedule for FY16 is enclosed in **Annex iv** 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 continue the existing Green Tariff of 50 paise per unit as the additional tariff over and above the normal tariff to be paid by HT-consumers, who opt for supply of Green power from out of the renewable energy procured by distribution utilities over and above their Renewable Purchase Obligation (RPO).

6.6 Determination of wheeling charges

Wheeling

MESCOM in their tariff petition have proposed Wheeling charges in cash for HT network at 29 paise/unit and for LT network at 69 paise/unit in addition to HT network technical loss at 3.50% and LT network technical loss at 8.15%. Further, MESCOM regarding the Wheeling and Banking charges for NCE sources has referred to the Orders of the Commission dated 09.06.2005, 11.07.2008 and 09.10.2013. Also, MESCOM has requested to discontinue banking facility for RE generators on wind or water year basis and to introduce transmission and or wheeling charges on par with conventional power plants and also to short close the existing agreements so as to have a uniform procedure among all Wheeling and Banking transactions. MESCOM has also stated that for the excess energy injected to the grid and remaining unutilized by the Wheeling and Banking consumers at the end of the month, the ESCOMs shall pay 85% of the generic tariff and at APPC in case of REC route projects. MESCOM has also stated that the Wheeling charges determined by the Commission vide its order dated 09.06.2005 and continued till date by various Orders, is non-coordinative and has requested to consider the distribution loss as determined by the Commission or actuals as Wheeling charges if only distribution network is used and if both distribution and transmission networks are used, to consider distribution loss as determined by the Commission or actuals plus the transmission losses as determined by the Commission as the Wheeling charges. MESCOM has requested to continue Wheeling charges for wheeling within MESCOM in the manner as determined in Clause 6.6.1 and 6.6.2 of Tariff Order dated 09.10.2013.

The Commission in its preliminary observation had noted that even though MESCOM had referred to the Orders dated 09.06.2005, 11.07.2008 and 09.10.2013 in the matter of Wheeling & Banking charges for RE sources, had not considered the subsequent orders dated 4th July 2014 and 12th September 2014 on WB charges and orders dated 8th July 2014 and 21st November 2014 on WB agreements.

As regards the request of MESCOM to discontinue banking facility and to introduce normal charges, the Commission is of the view that the order dated 04.07.2014 in the matter of Wheeling and Banking charges has been issued after considering the views/comments/suggestions of various Stakeholders including that of ESCOMs. As such, the said order has reached finality as the same is not challenged by any of the Stakeholders either in the form of a review petition before this Commission or as an Appeal before the Hon'ble Appellate Tribunal.

The approach of the Commission regarding wheeling & banking charges is discussed in the following paragraphs:

The Commission has considered the ARR pertaining to distribution wires business as done in the previous years.

6.6.1 Wheeling within MESCOM 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 – 6.2
Wheeling Charges**

Distribution ARR-Rs. Crs	311.72
Sales-MU	4431.33
Wheeling charges- paise/unit	70.34
	Paise/unit
HT-network	21.10
LT-network	49.24

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

Loss allocation	% loss
HT	4.01
LT	6.39

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

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	21 [4.01%]	70 [10.40%]
LT	70 [10.40%]	49 [6.39%]

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 MESCOM 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 & MESCOM's network and 100 units is injected, then at the drawal point the consumer is entitled for 86.19 units, after accounting for Transmission loss of 3.80% & MESCOM loss of 10.40%.

The Transmission charge in cash as determined in the Transmission Tariff order shall be payable to KPTCL & Wheeling charge of 70 paise per unit shall be payable to MESCOM. In case more than one ESCOM is involved the above 70 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 BESCO's network & drawal at MESCOM's network, and 100 units is injected, then at the drawal point the consumer is entitled for 89.60 units, after accounting MESCOM's loss of 10.40%.

The Wheeling charge of 70 paise per unit applicable to MESCOM shall be equally shared between MESCOM & BESCO.

6.6.3 CHARGES FOR WHEELING ENERGY BY RE SOURCES (NON REC ROUTE) TO CONSUMERS IN THE STATE

The Commission vide order dated 04.07.2014 has determined the wheeling and banking charges which is applicable to wind, mini-hydel, bagasse based co-generation and biomass projects wheeling energy consumers within the State of Karnataka and commissioned on or before 31.03.2018 and valid for a period of 10 years from the date of the commissioning of the Units. The Commission has issued a clarificatory Order in the matter on 12.09.2014. Thus, the wheeling as well as banking charges as per the said Orders is continued.

Regarding the Solar energy based projects, the Commission vide Order dated 18.08.2014 has exempted Solar projects in the State achieving Commercial Operation Date between 1st April, 2013 and 31st April, 2018 and selling power to consumers within the State on Open Access/Wheeling from payment of Wheeling and Banking charges and

Cross Subsidy surcharge for a period of 10 years from the date of commissioning and is made applicable captive solar plants for self-consumption within the State. Thus, the wheeling as well as banking charges for solar power projects as per the said Order is continued.

6.6.4 CHARGES FOR WHEELING ENERGY BY RE SOURCS WHEELING ENERGY FROM THE STATE TO A CONSUMER/OTHERS OUTSIDE THE STATE AND FOR THOSE OPTING FOR RENEWABLE ENERGY CERTIFICATE.

In case the RE 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. For captive RE generators including Solar power projects opting for renewable energy certificates, the wheeling and banking charges as specified in the Order dated 09.10.2013 shall continue, to the extent of capacity earmarked for REC route.

6.7 Other tariff related issues:

ii) Cross subsidy surcharge:

MESCOM in its tariff petition has proposed the Cross Subsidy surcharge as indicated below:

Voltage Level	Paise/unit		
	HT-1	HT-2a	HT-2b
66KV & above	26	202	324
HT level- 11KV/33KV	0	176	298

The determination of cross subsidy surcharge by the commission is discussed in the following paragraphs:-

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	HT-2 (C)	HT3 (a) Lift Irrigation	HT3 (b) Irrigation & Agricultural Farms	HT-4 Residential Apartments	HT5 Temporary
Average Realization rate- Paise/unit	455.13	674.13	794.60	712.43	176.94	372.78	641.08	1280.18
Cost of supply at 5% margin @ 66 kV and above level	551.74	551.74	551.74	551.74	551.74	551.74	551.74	551.74
Cross subsidy surcharge paise/unit @ 66 kV & above level	-96.61	122.39	242.86	160.69	-374.80	-178.96	89.34	728.44
Cost of supply at 5% margin @ HT level	595.42	595.42	595.42	595.42	595.42	595.42	595.42	595.42
Cross subsidy surcharge paise/unit @ HT level	-140.29	78.70	199.18	117.04	-418.48	-222.64	45.66	684.76

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-2c	HT-4	HT-5
66 kV & above	97.91	194.29	128.56	71.47	582.76
HT level-11 kV/33kV	62.96	159.35	93.61	36.53	547.81

Regarding the Solar energy based projects, the Commission vide Order dated 18.08.2014 has exempted Solar projects in the State achieving Commercial Operation Date between 1st April, 2013 and 31st April, 2018 and selling power to consumers within the State on Open Access/Wheeling from payment of Wheeling and Banking charges and Cross Subsidy surcharge for a period of 10 years from the date of commissioning and is made applicable captive solar plants for self-consumption within the State. Thus, the cross subsidy surcharge for solar power projects as per the said Order is continued.

The wheeling charges and cross subsidy surcharge determined in this are applicable to all open access/wheeling transactions in the area coming under MESCOM.

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 earlier 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 for revival/rehabilitation of sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. Further, the Government of Karnataka has issued G.O No.CI2 BIF 2010, dated 21.10.2010. The Commission, in its Tariff Order 2002, had accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the subsequent Tariff Orders. However, in view of issue of the G.O No.CI2 BIF 2010, dated 21.10.2010, the Commission has accorded approval to ESCOMs for implementation of the reliefs extended to sick industrial units for their revival / rehabilitation on the basis of the orders issued by the Commissioner for Industrial Development and Director of Industries & Commerce, Government of Karnataka.

vi) Power Factor

The Commission had retained the PF threshold limit and surcharge, both for LT and HT installations at the levels existing as in the Tariff Order 2005.

The Commission has decided to continue the same in the present order as indicated below:

LT Category (covered under LT-3, LT-4, LT-5 & LT-6 where motive power is involved): 0.85

HT Category: 0.90

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 continue to be followed. In the case of street light installations, fractions of KW shall be rounded off to the nearest quarter KW for the purpose of billing and the minimum billing shall be for a Quarter KW.

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 01.10.2007 and 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 Nos18215/2007.

Cross Subsidy Levels for FY16:

The Hon'ble Appellate Tribunal for Electricity (ATE), in its order dated 8th October, 2014, in Appeal No.42 of 2014, has directed the Commission to

clearly indicate the variation of anticipated category wise average revenue realization with respect to overall average cost of supply in order to establish the requirement of the Tariff Policy that tariffs are within $\pm 20\%$ of the average cost of supply, is met in the tariff orders being passed in the future. It has further directed the Commission to also indicate category-wise cross subsidy with reference to voltage wise cost of supply so as to show the cross subsidies transparently.

In the light of the above directions, the variations of the anticipated category-wise average realization with respect to the overall average cost of supply of BESCO, is Indicated in ANNEXURE - III of this Order. It is the Commission's endeavour to reduce the cross subsidies gradually as per the Tariff policy.

As regards indicating the voltage wise Cross subsidy, the Commission notes that the accounting of sales in the State of Karnataka is currently based on Low Tension Supply and High Tension Supply. The sales are not being recorded voltage wise. Hence, the data for the sales and revenue at each of the voltage levels is not available for working out the voltage wise cross subsidy levels.

The Commission also notes that, a few of the ESCOMs have furnished the data in Format D-23, but the data is not backed up by any scientific study and the same cannot be relied upon without validating it.

The Commission would initiate a study to validate the sales at each of the voltage levels and should be able to complete the same within the next six months and thereafter the cross subsidy levels would be indicated in the tariff order.

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 8th December, 2014. As the tariff revision is effective from 1st April, 2015 onwards, ESCOMs would be recovering revenue for eleven months out of the Financial Year.

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

6.9 Summary of Tariff Order:

- ❖ The Commission has approved an ARR of Rs. 2492.42 Crores for FY16 as against MESCOM's proposed ARR of Rs.2665.20 Crores which includes the deficit for FY14 of Rs.50.99 Crores and 50% of the Regulatory Asset with interest of Rs.62.63 Crores with a total gap in revenue of Rs.357.30 Crores.
- ❖ The revenue gap as worked out by the Commission is Rs.125 Crores inclusive of the surplus of Rs.86.00 Crores for FY14 and Regulatory Asset of Rs.50.51 Crores.
- ❖ The Commission has allowed additional revenue of Rs.81.37 Crores on Tariff Revision as against the additional revenue of Rs.357.30 Crores proposed by MESCOM for FY16.
- ❖ MESCOM has proposed an increase of 80 paise per unit for all categories of consumers. The Commission has approved an average increase of 18 paise per unit in the tariff for all consumers.
- ❖ The Commission has not increased the tariff for Educational Institutions under LT(2) (b) category and installations covered under Temporary Power Supply under LT 7 and HT (5) categories.
- ❖ The Commission has not increased the tariff for the first two slabs of domestic consumers, using upto 100 units.

- ❖ Time of the day tariff which was made mandatory in the previous Tariff Order for installations under HT2 (a), HT2(b) and HT2(c) with contract demand of 500KVA and above is continued in this Order.
- ❖ The consumers using power supply for exclusive ironing and tailoring hitherto classified under LT3 are now reclassified under LT5 Category.
- ❖ The water purification units maintained by Government and Local Bodies for supplying pure drinking water to residential areas are included under LT6(a) – water supply category.
- ❖ The surveillance cameras at traffic locations installed by Government are included in the LT6 (b) –Street light category.
- ❖ The existing restrictions on maximum demand usage during any month of the declared off season has been relaxed for availing seasonal industries benefit. However, the existing restriction of consumption is reduced from 50% to 25%.
- ❖ The existing tariff schedule LT7 has been bifurcated to LT7 (a) applicable to temporary power supply for all purpose and LT7 (b) applicable to Advertising hoardings availing power supply on permanent basis.
- ❖ The existing tariff schedule LT5 has been bifurcated to LT5 (a) applicable to Municipal Corporation areas and LT5 (b) applicable to other than areas covered under LT5(a).
- ❖ Green tariff of additional 50 paise per unit over and above the normal tariff which was introduced in the previous tariff order for HT industries and HT commercial consumers at their option, to

promote purchase of renewable energy from ESCOMs is continued in this Order.

- ❖ 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 continued at 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 MESCOM for FY16 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 meter reading date falling on or after 1st April, 2015.**
- 3. This order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bangalore this day, the 2nd March, 2015.**

**Sd/-
(M.R.Sreenivasa Murthy)
Chairman**

**Sd/-
(H.D. Arun Kumar)
Member**

**Sd/-
(D.B. Manival Raju)
Member**

Annexure-1

SL No.	Sources	Power Purchase for FY-16 (TOTAL OF ALL ESCOMs)					
		Energy Share in %	Allowed Energy in MU	Fixed charges (Cr)	Energy charges (Cr)	Total Cost (Cr)	Cost per Kwh (Rs/Kwh)
1	2	3	5	6	7	8	9
A	KPCL Hydro Stations						
1	Sharavathi Hydro Electric Project		6333.59	28.43	180.19	208.61	
a	Sharavathi Generating Station (10x103.5)	100.00	5287.98	11.44	110.59	122.02	0.23
b	Linganamakki (2x27.5)	100.00	255.87	0.61	5.78	6.38	0.25
c	Gerusoppa (4x60)	100.00	574.35	14.24	49.14	63.38	1.10
d	MGHE-Jog {(4x21.6)+(4x13.2)}	100.00	215.39	2.14	14.69	16.83	0.78
2	Kalinadi Hydro Electric Project		4002.50	30.19	209.19	239.38	
a	Supa Dam Power House (2x50)	100.00	518.31	1.23	13.88	15.12	0.29
b	Nagajari Power House {(5x150)+(1x135)}	100.00	2757.82	10.91	115.57	126.47	0.46
c	Kadra Dam (3x50)	100.00	375.02	11.13	45.60	56.73	1.51
d	Kodasalli Dam (3x40)	100.00	351.35	6.92	34.14	41.06	1.17
3	Varahi Hydro Projects		1096.26	42.61	72.49	115.10	
a	Varahi 1 & 2 (2x115)	100.00	1070.60	7.75	69.91	77.65	0.73
b	Varahi 3 & 4 (2x115)		0.00	34.56	0.00	34.56	
c	Mani Dam Power House (2x4.5)	100.00	25.66	0.30	2.58	2.89	1.13
4	Ghataprabha River Basin Project (GDPH) (2x16)	100.00	95.08	1.47	7.77	9.24	0.97
5	Krishna River Basin Project		489.97	46.48	39.91	86.39	
a	Almatti Dam Power House {(1x15)+(5x55)}	100.00	489.97	46.48	39.91	86.39	1.76
6	Bhadra River Basin Project		63.96	0.84	14.88	15.72	2.46
a	Bhadra Right Bank (7.2+6)	100.00	21.54	0.28	5.06	5.34	2.48
b	Bhadra Left Bank {(2x12)+(1x2)}	100.00	42.42	0.56	9.83	10.38	2.45
7	Thungabhadra River Basin Project		93.99	0.24	5.82	6.06	
a	Munirabad {(2x9)+10}	100.00	93.99	0.24	5.82	6.06	0.64
8	Cauvery River Basin Project		275.00	4.54	23.03	27.57	
a	Shiva	100.00	195.10	3.22	16.32	19.54	1.00
b	Shimsa	100.00	79.90	1.32	6.71	8.03	1.01
9	KPCL-Mini Hydel Stations						
a	Mallapura-1&2 (2x4.5)		0.00	0.00	0.00	0.00	
b	Sirvara		0.00	0.00	0.00	0.00	
c	Kalmala		0.00	0.00	0.00	0.00	
d	Ganekal		0.00	0.00	0.00	0.00	

	Total KPCL Hydel Stations (A)	100.00	12450.35	154.80	553.28	708.08	0.57
B	Thermal						
1	Raichur Thermal Power Station Units RTPS)		9950.00	927.44	2924.54	3851.99	3.87
a	RTPS -1 to 7 (7x210)	100.00	8438.00	678.87	2506.93	3185.80	3.78
b	RTPS-VIII (1x250)	100.00	1512.00	248.57	417.61	666.18	4.41
2	Bellary Thermal Power Station (BTPS) & yeramurs		10334.84	917.18	3144.72	4061.90	
a	BTPS Unit I (1x500)	100.00	2664.00	373.46	770.96	1144.42	4.30
b	BTPS Unit 2 (1x500)	100.00	3497.00	543.72	913.07	1456.79	4.17
c	BTPS Unit 3 (1x700)	100.00	2898.84	0.00	1014.60	1014.60	3.50
3	Yeramurus TPS (2x800)	100.00	1275.00	0.00	446.10	446.10	3.50
	Total KPCL-Thermal Stations (B)	100.00	20284.85	1844.62	6069.27	7913.89	3.90
	Total KPCL Stations (A+B)	100.00	32735.19	1999.42	6622.55	8621.97	2.63
C	Central Projects						
1	N.T.P.C-Ramagundam Stage I & II (Andhrapradesh) (3x200+3x500)(2100)	100.00	2936.00	172.68	715.50	888.18	3.03
2	N.T.P.C-Ramagundam Stage III (Andhrapradesh) (1x500)(500)	100.00	753.00	69.14	195.93	265.07	3.52
3	NTPC-Talcher(Orissa) (4x500)(2000)	100.00	2626.00	199.91	362.39	562.30	2.14
4	NTPC-Simhadri Stage-I (Andhrapradesh) (2x500) (1000)	100.00	1397.00	241.01	363.50	604.50	4.33
5	NLC TPS2-Stage 1(Tamilnadu) (3x210)(630)	100.00	656.00	45.40	145.96	191.36	2.92
6	NLC TPS2-Stage 2(Tamilnadu) (4x210)(840)	100.00	929.00	70.41	206.70	277.11	2.98
7	NLC TPS1-Expn (Tamilnadu) (2x210)(420)	100.00	687.00	68.00	145.30	213.30	3.10
8	NLC TPS1I-Expn 1	100.00	390.00	0.00	86.78	86.78	2.23
10	MAPS(Tamilnadu) (2x220) (440)	99.98	177.77	0.00	36.58	36.62	2.06
11	Kaiga 1&2, (Karnataka) (2x220)(440)	100.00	655.00	0.00	197.78	197.78	3.02
12	Kaiga Unit 3 & 4 (2x220)(440)	100.00	754.00	0.00	227.68	227.68	3.02
15	NTECL-Vallur STPS stage 1 Unit 1 & 2 (Tamilnadu) (2x500)(1000)	100.00	513.00	111.33	113.37	224.71	4.38
18	Tuticorn (TPPU-1) Tamil Nadu NLC/TNEBJV (2x500)(1000)	100.00	362.20	0.00	174.22	174.22	4.81
19	Kudankulam(Tamilnadu) (NPC) (4x1000)(4000)	100.00	1526.00	0.00	460.79	460.79	3.02
	Total CGS (C)	100.00	14361.97	977.88	3432.43	4410.36	3.07
D	IPPs-Major						
1	UPCL Unit 1 & 2 (2x600)	100.00	7463.00	1296.32	1787.69	3084.01	4.13
	Total Major IPPs (D)	100.00	7463.00	1296.32	1787.69	3084.01	

E	Minor- IPPs (NCE Projects)						
1	Co-generation		204.25	0.00	81.13	81.13	3.97
2	Biomass		129.62	0.00	63.66	63.66	4.91
3	Mini Hydel		1512.05	0.00	493.75	493.75	3.27
4 (i)	Wind Mill Power (Minor IPPs)		4185.96	0.00	1499.62	1499.62	3.58
4 (ii)	KPCL wind mill at Kappadagudda {(9x0.225)+(11x0.23)}		13.51	0.00	4.34	4.34	3.21
5	Captive Power/Waste to Heat Energy		60.60	0.00	26.93	26.93	4.44
6	NTPC Bundle Power share		297.84	0.00	127.61	127.61	4.28
7	Solar Power		34.25	0.00	28.21	28.21	8.24
i	KPCL Solar {(3x3)+1x5}		50.00	0.00	30.00	30.00	6.00
iii	Solar Power Purchase Through bids under case-2 bidding proces (KREDL Tenders)		46.34	0.00	38.93	38.93	8.40
	Total Minor-IPPs (NCE Projects) (E)		6534.42	0.00	2394.18	2394.18	
F	Other States Projects						
1	TB Dam Share (AP) (20%).{TBDPS- 1 (4x9),TBDPS-2 (4x9)}		41.06	0.00	7.39	7.39	1.80
2	Jurala Hydro Power Station (AP) (50%) (6x39.10)		135.01	0.00	24.30	24.30	1.80
	Total of Other States Projects (F)		176.07	0.00	31.69	31.69	
G	Contingent Power purchases (Short term/Medium term/Exchange Purchases						
	Short term/Medium term (1503 MW up to June 2015)	100.00	1352.38	0.00	710.00	710.00	5.25
	Total of Contingent Power purchases (Short term/Medium term/Exchange Purchases (G))	100.00	1352.38	0.00	710.00	710.00	5.25
H	Transmission Charges						
1	KPTCL			2606.52	0.00	2606.52	
2	PGCIL			622.70	0.00	622.70	
	Total Transmission Charges (H)			3229.22	0.00	3229.22	
I	System Operating Charges						
1	SLDC			29.69	0.00	29.69	
2	SRPC/POSOC/TANGEDCO etc.			3.01	0.00	3.01	
	Total System Operating Charges (I)			32.70	0.00	32.70	
	TOTAL (A To I)		62623.03	7535.54	14978.54	22514.13	3.60

SI no	Source	Annexure-2					
		Power Purchase for FY-16 (MESCOM)					
		Energy Share in %	Allowed Energy in MU	Fixed charges (Crs)	Energy charges (Crs)	Total Cost (Crs)	Cost per Kwh (Rs/Kwh)
1	2	3	4	5	6	7	8
A	KPCL Hydro Stations						
1	Sharavathi Hydro Electric Project		269.22	1.85	9.84	11.69	0.43
a	Sharavathi Generating Station (10x103.5)	3.26	172.39	0.36	3.57	3.93	0.23
b	Linganamakki (2x27.5)	10.15	25.97	0.06	0.59	0.65	0.25
c	Gerusoppa (4x60)	8.53	48.99	1.21	4.19	5.41	1.10
d	MGHE-Jog {(4x21.6)+(4x13.2)}	10.15	21.86	0.22	1.49	1.71	0.78
2	Kalinadi Hydro Electric Project		394.49	2.77	19.94	22.71	0.58
a	Supa Dam Power House (2x50)	10.15	52.61	0.13	1.41	1.53	0.29
b	Nagajari Power House {(5x150)+(1x135)}	10.15	279.92	1.11	11.73	12.84	0.46
c	Kadra Dam (3x50)	8.53	31.99	0.95	3.89	4.84	1.51
d	Kodasalli Dam (3x40)	8.53	29.97	0.59	2.91	3.50	1.17
3	Varahi Hydro Projects		111.27	4.32	7.36	11.68	1.05
a	Varahi 1 & 2 (2x115)	10.15	108.67	0.79	7.10	7.88	0.73
b	Varahi 3 & 4 (2x115)		0.00	3.51	0.00	3.51	
c	Mani Dam Power House (2x4.5)	10.15	2.60	0.03	0.26	0.29	1.13
4	Ghataprabha River Basin Project (GDPH) (2x16)	10.15	9.65	0.15	0.79	0.94	0.97
5	Krishna River Basin Project		41.79	3.96	3.40	7.37	1.76
a	Almatti Dam Power House {(1x15)+(5x55)}	8.53	41.79	3.96	3.40	7.37	1.76
6	Bhadra River Basin Project		5.46	0.07	1.27	1.34	2.46
a	Bhadra Right Bank (7.2+6)	8.53	1.84	0.02	0.43	0.46	2.48
b	Bhadra Left Bank {(2x12)+(1x2)}	8.53	3.62	0.05	0.84	0.89	2.45
7	Thungabhadra River Basin Project		9.54	0.02	0.59	0.62	0.64
a	Munirabad {(2x9)+10}	10.15	9.54	0.02	0.59	0.62	0.64
8	Cauvery River Basin Project		27.91	0.46	2.34	2.80	1.00
a	Shiva	10.15	19.80	0.33	1.66	1.98	1.00
b	Shimsa	10.15	8.11	0.13	0.68	0.82	1.01
9	KPCL-Mini Hydrel Stations						
a	Mallapura-1 & 2 (2x4.5)		0.00	0.00	0.00	0.00	0.00
b	Sirvara		0.00	0.00	0.00	0.00	0.00
c	Kalmala		0.00	0.00	0.00	0.00	0.00
d	Ganekal		0.00	0.00	0.00	0.00	0.00

	Total KPCL Hydel Stations (A)	6.98	869.33	13.62	45.53	59.15	0.68
B	Thermal						
1	Raichur Thermal Power Station Units RTPS)		1194.17	106.68	352.30	458.98	3.84
a	RTPS -1 to 7 (7x210)	12.66	1068.07	85.95	317.47	403.42	3.78
b	RTPS-VIII (1x250)	8.34	126.10	20.73	34.83	55.56	4.41
2	Bellary Thermal Power Station (BTPS) & Yeramurs		870.59	76.49	265.30	341.79	3.93
a	BTPS Unit I (1x500)	8.34	222.18	31.15	64.30	95.44	4.30
b	BTPS Unit 2 (1x500)	8.34	291.65	45.35	76.15	121.50	4.17
c	BTPS Unit 3 (1x700)	8.64	250.43	0.00	87.65	87.65	3.50
3	Yeramurus TPS (2x800)	8.34	106.34	0.00	37.20	37.20	3.50
	Total KPCL-Thermal Stations (B)	10.18	2064.76	183.17	617.60	800.77	3.88
	Total KPCL Stations (A+B)	8.96	2934.08	196.79	663.13	859.92	2.93
C	Central Projects						
1	N.T.P.C-Ramagundam Stage I & II (Andhrapradesh) (3x200+3x500)(2100)	8.34	244.86	14.40	59.67	74.07	3.03
2	N.T.P.C-Ramagundam Stage III (Andhrapradesh) (1x500)(500)	8.34	62.80	5.77	16.34	22.11	3.52
3	NTPC-Talcher(Orissa) (4x500)(2000)	1.17	30.62	2.33	4.23	6.56	2.14
4	NTPC-Simhadri Stage-I (Andhrapradesh) (2x500) (1000)	8.34	116.51	20.10	30.32	50.42	4.33
5	NLC TPS2-Stage 1(Tamilnadu) (3x210)(630)	8.34	54.71	3.79	12.17	15.96	2.92
6	NLC TPS2-Stage 2(Tamilnadu) (4x210)(840)	8.34	77.48	5.87	17.24	23.11	2.98
7	NLC TPS1-Expn (Tamilnadu) (2x210)(420)	8.34	57.30	5.67	12.12	17.79	3.10
8	NLC TPS1I-Expn 1	8.34	32.53	0.00	7.24	7.24	2.23
10	MAPS(Tamilnadu) (2x220) (440)	8.35	14.85	0.00	3.05	3.05	2.06
11	Kaiga 1&2, (Karnataka) (2x220)(440)	8.34	54.63	0.00	16.50	16.50	3.02
12	Kaiga Unit 3 & 4 (2x220)(440)	8.34	62.88	0.00	18.99	18.99	3.02
15	NTECL-Vallur STPS stage 1 Unit 1 & 2 (Tamilnadu) (2x500)(1000)	8.34	42.78	9.29	9.46	18.74	4.38
18	Tuticorn (TPPU-1) Tamil Nadu NLC/TNEBJV (2x500)(1000)	8.34	30.21	0.00	14.53	14.53	4.81
19	Kudankulam(Tamilnadu) (NPC) (4x1000)(4000)	8.34	127.27	0.00	38.43	38.43	3.02
	Total CGS (C)	7.03	1009.42	67.21	260.27	327.48	3.24
D	IPPs-Major						
1	UPCL Unit 1 & 2 (2x600)	5.00	373.15	64.8162	89.38435	154.2005	4.1324

	Total Major IPPs (D)	5.00	373.15	64.82	89.38	154.20	4.13
E	Minor- IPPs (NCE Projects)						
1	Co-generation	0.00	0.00		0.00	0.00	
2	Biomass	3.37	4.37		2.36	2.36	5.40
3	Mini Hydel	29.83	450.98		151.20	151.20	3.35
4 (i)	Wind Mill Power (Minor IPPs)	7.67	321.21		114.76	114.76	3.57
4 (ii)	KPCL wind mill at Kappadagudda {(9x0.225)+(11x0.23)}		0.00		0.00	0.00	
5	Captive Power/Waste to Heat Energy	4.17	2.53		0.66	0.66	2.61
6	NTPC Bundle Power share	8.45	25.1675		11.9	11.9	4.72832
7	Solar Power	100.00	34.25		28.21	28.21	8.2365
i	KPCL Solar {(3x3)+1x5}	8.45	4.225		2.535	2.535	
iii	Solar Power Purchase Through bids under case-2 bidding proces (KREDL Tenders)						
	Total Minor-IPPs (NCE Projects) (E)	12.90	842.73	0.00	311.63	311.63	3.70
F	Other States Projects						
1	TB Dam Share (AP) (20%),{TBDPS- 1 (4x9),TBDPS-2 (4x9)}	10.42	4.28		0.77	0.77	1.80
2	Jurala Hydro Power Station (AP) (50%) (6x39.10)	8.34	11.26		2.03	2.03	1.80
	Total of Other States Projects (F)	8.82	15.54	0.00	2.80	2.80	1.80
G	Contingent Power purchases (Short term/Medium term/Exchange Purchases						
	Short term/Medium term (1503 MW up to June 2015)	8.33	112.66		59.14	59.14	5.25
	Total of Contingent Power purchases (Short term/Medium term/Exchange Purchases (G)	8.33	112.656	0	59.14434	59.14434	5.25
H	Transmission Charges						
1	KPTCL			217.21		217.21	
2	PGCIL			51.93		51.93	
	Total Transmission Charges (H)			269.14		269.14	
I	System Operating Charges						
1	SLDC			2.52		2.52	
2	SRPC/POSOC/TANGEDCO etc.			0.25		0.25	
	Total System Operating Charges (I)			2.77	0.00	2.77	
	TOTAL (A To I)	8.44	5287.58	600.73	1386.35	1987.08	3.76

PROPOSED AND APPROVED REVENUE AND REALISATION AND LEVEL OF CROSS SUBSIDY FOR FY-16 OF MESCOM

SI No	Category	Description	Proposed by MESCOM		Approved as per RST		Average Realisation in Rs. Per Kwh	Level of Cross Subsidy in %
			Sales-MU	Revenue Rs. crores	Sales-MU	Revenue Rs. crores		
1	LT-1[fully subsidised by GoK]*	Bhagya Jyothi/Kutir Jyothi	43.61	20.45	12.63	6.83	5.41	-1.86
2	LT-2(a)(i)	Dom. / AEH - Applicable to City Municipal Corporations areas and all area under Urban Local Bodies.	688.28	360.55	688.28	317.77	4.62	-16.21
3	LT-2(a)(ii)	Dom. / AEH - Applicable to areas under Village Panchayats	615.90	291.49	653.68	260.77	3.99	-26.85
4	LT-2(b)(i)	Pvt. Educational Institutions Applicable to all areas of Local Bodies including City Corporations	8.45	6.50	8.47	5.84	6.89	25.13
5	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas under Village Panchayats	4.27	3.05	4.27	2.71	6.35	15.18
6	LT-3(i)	Commercial - Applicable in areas under all ULBs including City Corporations.	212.78	182.77	212.78	171.01	8.04	45.86
7	LT-3(ii)	Commercial - Applicable to areas under Village Panchayats	111.70	90.43	111.70	83.93	7.51	36.37
8	LT-4(a)*	IP<=10HP	1198.01	561.87	1191.26	506.29	4.25	-22.87
9	LT-4(b)	IP>10HP	0.98	0.44	0.98	0.39	3.98	-27.78
10	LT-4 (c) (i)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of 10 HP & below	2.71	1.06	2.71	0.91	3.36	-39.06
11	LT-4 (c) (ii)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of above 10 HP	4.46	1.93	4.46	1.68	3.77	-31.64
12	LT-5	LT Industrial	132.09	86.83	131.41	85.69	6.52	18.35
13	LT-6	Water supply	114.69	50.03	115.05	42.13	3.66	-33.54
14	LT-6	Public lighting	64.06	38.19	64.06	34.03	5.31	-3.59
15	LT-7	Temporary supply	19.02	26.25	19.02	24.73	13.00	135.97
LT - TOTAL			3221.01	1721.84	3220.76	1544.71	4.80	-12.96
1	HT-1	Water supply & sewerage	87.99	45.60	87.99	39.44	4.48	-18.66
2	HT-2(a)	Industrial -	784.45	578.91	782.85	526.97	6.73	22.17
3	HT-2(b)	Commercial	152.12	135.35	152.12	126.23	8.30	50.60
4	HT-2 (c)(i)	Govt./ Aided Hospitals & Educational Institutions	41.87	28.21	41.87	25.60	6.11	10.97
5	HT-2 (c)(ii)	Hospitals and Educational Institutions other than covered under HT-2(c) (i)	85.10	68.09	85.10	62.45	7.34	33.19
6	HT-3(a)(i)	Lift Irrigation - Applicable to lift irrigation schemes under Govt Dept. / Govt. owned Corporations	24.65	8.58	24.66	4.19	1.70	-69.16

7	HT-3(a)(ii)	Lift Irrigation - Applicable to Private lift irrigation schemes Lift Irrigation societies on urban/express feeders	0.00	0.00	0.00	0.00	0.00	0.00
8	HT-3(a)(iii)	LI schemes other than those covered under HT 3(a)(ii)	0.01	0.10	0.01	0.00	0.00	0.00
9	HT - 3b	Irrigation & Agriculture Farms, Govt. Horticultural Farms, Pvt. Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations	0.32	0.22	0.32	0.12	3.75	-31.94
10	HT-4	Residential Apartments - Colonies	14.02	9.11	13.78	8.11	5.89	6.80
11	HT-5	Temporary supply	21.86	21.42	21.86	20.51	9.38	70.24
	HT - TOTAL		1212.39	895.59	1210.56	813.62	6.72	21.98
	TOTAL		4433.40	2617.43	4431.32	2358.33		
	Misc. Revenue		44.72		11.33	46.52		
	Proposed Supply to MSEZ				84.03	43.95		
	Grand Total		4478.12	2617.43	4526.68	2448.80	5.41	-3.41

* These categories are subsidised by GoK. In case subsidy is not released by the Gok in advance, MESCOM shall raise demand & collect CDT of Rs. **5.41** unit by BJ/KJ & Rs**4.25**/unit from IP set Consumers.

ANNEX - IV

ELECTRICITY TARIFF - 2016

K.E.R.C. ORDER DATED: 02.03.2015

**Effective for the Electricity consumed from the first meter
reading date falling on or after 01.05.2015**

**Mangalore
Electricity Supply Company Ltd.,**

ELECTRICITY TARIFF-2016

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 -
- Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy,
 - Under special contract permitting the Consumer for resale of energy in accordance with the provisions of the contract.
11. Non-receipt of the bill by the Consumer is not a valid reason for non-payment. 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 Rs100/- |
| 2 | Cheque amount of Rs. 10,001/- and upto Rs. 1,00,000/- | 3% of the amount subject to a minimum of Rs500/- |
| 3 | Cheque amount above Rs. 1 Lakh: | 2% of the amount subject to a minimum of Rs3000/- |
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: -
- Interest on arrears of Electricity Tax
 - Arrears of Electricity Tax
 - Arrears of Interest on Electricity charges
 - Arrears of Electricity charges
 - Current month's dues
17. For the purpose of billing,

- (i) the higher of the rated load or sanctioned load in respect of LT installations which are not provided with Electronic Tri-Vector meter.
- (ii) sanctioned load or MD recorded, whichever is higher, in respect of installations provided with 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.
21. **Reconnection charges:** The following reconnection charges shall be levied in case of disconnection and included in the monthly bill.

For reconnection of:

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

22. Revenue payments up to and inclusive of Rs.10, 000/- shall be made by cash or cheque or D.D and payments above Rs.10, 000/- shall be made by cheque or D.D only. Payments under other heads of account shall be made by cash or D.D 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 Licensee in respect of revenue payments up to the limit prescribed by the RBI.

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

24. Seasonal Industries

Applicable to all Seasonal Industries

- i) The industries that intend to avail this benefit shall have Electronic Tri-Vector Meter fitted to their installations.
- ii) 'Working season' months and 'off-season' months shall be determined by an order issued by the Executive Engineer of the concerned O&M

Division of the Licensee as per the request of the Consumer and will continue from year to year unless otherwise altered. The Consumer shall give a clear one month's notice in case he intends to change his 'working season'.

iii) The consumption during any month of the declared off-season shall not be more than 25% of the average consumption of the previous working season.

iv) The 'Working season' months and 'off-season' months shall be full-calendar months. If the power availed during a month exceeds the allotment for the 'off-season' month, it shall be taken for calculating the billing demand as if the month is the 'working season' month.

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

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

26 Time of the Tariff (ToD)

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

27. SICK INDUSTRIES:

The Government of Karnataka has extended certain reliefs for revival/rehabilitation of sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. Further, the Government of Karnataka has issued G.O No.CI2 BIF 2010, dated 21.10.2010. The Commission, in its Tariff Order 2002, has accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the subsequent Tariff Orders. In view of issue of the G.O No.CI2 BIF 2010, dated 21.10.2010, the Commission has accorded approval to ESCOMs for implementation of the reliefs extended to sick industrial units for their revival / rehabilitation on the basis of the orders issued by the Commissioner for Industrial Development and Director of Industries & Commerce, Government of Karnataka.

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/- made by the Consumers towards monthly bills
29. Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and amendments issued thereon from time to time and Regulations issued under 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 - 2016

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 - 2016

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. 24 of the General terms and conditions of tariff (applicable to both HT & LT).
 - b. The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to the installation.
 - c. Monthly charges during the working season shall be the demand charges on 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 whichever 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	Rs180/-KVA of billing demand/month
Energy charges	410 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, Information Technology (IT) enabled Services / Start-ups/ Animation / Gaming / Computer Graphics as certified by the IT & BT Department of GOK/GOI, Drug Mfg. Units, Garment Mfg. Units, Tyre retreading units, Nuclear Power Projects, Stadiums maintained by Government and local bodies, also

Railway 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 MESCOM.

.Demand charges	Rs170/kVA of billing demand/month
Energy charges	
For the first one lakh units	585 paise per unit
For the balance units	615 paise per unit
Railway Traction and Effluent Treatment Plants	
Demand charges	Rs180/kVA of billing demand/month
Energy Charges	555 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, I.T. based medical transcription centers, telecom, call centers, BPO/KPO.

RATE SCHEDULE

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

Demand charges	Rs. 190 /kVA of billing demand/month
Energy charges	
For the first two lakh units	735 paise per unit
For the balance units	765 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 hospitals and Universities, Educational Institutions belonging to Government, Local bodies, Aided Institutions and Hostels of all Educational Institutions.

Demand charges	Rs170/kVA of billing demand /month
Energy charges	
For the first one lakh units	560 paise per unit
For the balance units	610 paise per unit

RATE SCHEDULE

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

Demand charges	Rs170 /kVA of billing demand/month
Energy charges	
For the first one lakh units	660 paise per unit
For the balance units	710 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), HT-2(b) and HT-2(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	170 paise per unit subject to an annual minimum of Rs1000 per HP/Annum
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**HT-3(a)(ii): Applicable to Private LI schemes and Lift Irrigation societies:
Connected to Urban/Express feeders**

Fixed Charges	Rs30 /HP/PM of sanctioned load
Energy charges	170 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	Rs10 /HP/PM of sanctioned load
Energy charges	170 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	370 paise Per unit subject to an annual minimum of Rs1000/- per HP of sanctioned load.
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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.

RATE SCHEDULE Applicable to all areas

Demand charges	Rs. 100/- per KVA of billing demand
Energy charges	550 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 sanctioned load of 67 HP and above for hoardings and advertisement boards and construction power for industries excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation, power projects and Konkan Railway Projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

HT – 5 – Temporary supply RATE SCHEDULE

67 HP and above:	
Fixed charges / Demand Charges	Rs210/HP/month for the entire sanction load / contract demand
Energy Charge	900 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-2016

PART-II

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

MESCOM

ELECTRICITY TARIFF - 2016

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, whichever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.

2. Use of power within the Consumer premises for bonafide temporary purpose is permitted subject to the conditions that, total load of the installation on the system does not exceed the sanctioned load.
3. Where it is intended to use power supply temporarily, for floor polishing and such other portable 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, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.
18. The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, 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, whichever is higher.
22. Electricity under Tariff LT 3 / LT 5 can also be used for Lighting, Heating and Air-conditioning, Yard-Lighting, water supply in the 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. 24 of the General terms and conditions of tariff (applicable to both HT & LT).
- b) The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to their installation.
- c) Monthly charges during the seasonal months shall be fixed charges and energy charges. The monthly charges during the off seasonal months, shall be the energy charges plus 50% of the fixed charges.

TARIFF SCHEDULE LT-1

LT-1: Applicable to installations serviced under Bhagya Jyothi and Kutira Jyothi (BJ/KJ) schemes.

RATE SCHEDULE

Energy charges (including recovery towards service main charges)	Nil* Fully subsidized by the GOK
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Commission Determined Tariff for the above category i.e., LT-1 is **Rs.5.41** 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.5.41 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, (p) Fodder Choppers & Milking Machines with a connected load up to 1 HP.

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 / Nirmal Souchalayas (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	Rs25/- per KW
	For every additional KW	Rs35/- per KW
Energy charges	For 0 - 30 units (Lifeline consumption)	270 Ps/unit
	31 to 100 units	400 Ps /unit
	101 to 200 units	540 Ps/unit
	Above 200 units	640 Ps/unit

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

Fixed charges per month	For the first KW	Rs15/- per KW
	For every additional KW	Rs25/- per KW
Energy charges	For 0 - 30 units (Lifeline consumption)	260 paise/unit
	31 to 100 units	370 paise /unit
	101 to 200 units	510 paise /unit
	Above 200 units	590 paise /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	Rs35 Per KW subject to a minimum of Rs65 PM	
Energy charges	0 to 200 units	600 paise /unit
	Above 200 units	720 paise /unit

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

Fixed charges	Rs25 per KW subject to a minimum of Rs50 PM	
Energy charges	0 to 200 units	550 paise /unit
	Above 200 units	670 paise /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, Kalyan Mantaps / Choultry, permanent Cinemas/ Semi Permanent Cinemas, Theatres, Petrol Bunks, Petrol, Diesel and oil Storage Plants, Service Stations/ Garages, Banks, Telephone Exchanges. T.V.Stations, Microwave Stations, All India Radio, Dish Antenna, Public Telephone Booths/ STD, ISD, FAX Communication Centers, Stud Farms, Race Course, Ice Cream Parlours, Computer Centres, Photo Studio / colour Laboratory, 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, 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, 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
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Energy charges	For 0 - 50 units	695 paise /unit
	Above 50 units	795 paise /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	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. 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 425 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 425 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	Rs30 per HP per month.
Energy charges	240 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	Rs20 per HP per month.
Energy charges	240 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	Rs30 per HP per month.
Energy charges	240 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, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.
- 5) Billing shall be made at least once in a quarter year for all IP sets.
 - 6) A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.
 - 7) Only fixed charges as in Tariff Schedule for Metered IP Set Installations shall be collected during the disconnection period of IP Sets under LT 4(a), LT 4(b) and LT 4(c) categories irrespective of whether the IP Sets are provided with Meters or not.

TARIFF SCHEDULE LT-5

Applicable to **Heating & Motive power (including lighting)** installations of industrial Units, Workshops, Poultry Farms, Sugarcane Crushers, Coffee Pulping, Cardamom drying, Mushroom raising installations, Flour, Huller & Rice Mills, Wet Grinders, Milk dairies, **Ironing**, Dry Cleaners and Laundries having washing, Drying, Ironing etc., **Exclusive Tailoring shop**, Bulk Ice Cream and Ice manufacturing Units, Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery Product Mfg. Units, KSRTC workshops/Depots, Railway workshops, Drug manufacturing units and Testing laboratories, Printing Presses, Garment manufacturing units, Bulk Milk vending Booths, Swimming Pools of local Bodies, Tyre retreading units, Stone crushers, Stone cutting, Chilly Grinders, Phova Mills, pulverizing Mills, Decorticators, Iron & Red-Oxide crushing units, crematoriums, hatcheries, Tissue culture, Saw Mills, Toy/wood industries, Viswa Sheds with mixed load sanctioned under Viswa Scheme, Cinematic activities such as Processing, Printing, Developing, Recording theatres, Dubbing Theatres and film studios, Agarbathi manufacturing unit., Water supply installations of KIADB & industrial units, Gem & Diamond cutting Units, Floriculture, Green House, Biotech Labs., Hybrid seed processing units. Information Technology industries engaged in development of hardware & Software, Information Technology (IT) enabled Services / Start-ups/ Animation / Gaming / Computer Graphics as certified by the IT & BT Department of GOK/GOI, Silk filature units, Aqua Culture, Prawn Culture, Brick manufacturing units, Silk / Cotton colour dyeing, Stadiums maintained by Govt. and local bodies, Fire service stations, Gold / Silver ornament manufacturing units, Effluent treatment plants, 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.

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

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

Demand based Tariff (optional)

Fixed Charges per Month	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

ii) Energy Charges

Details	Approved by the Commission
For the first 500 units	475 paise/unit
For the next 500 units	555 paise/ unit
For the balance units	585 paise/unit

Tariff for LT 5 (b):
Applicable to all areas other than those covered under LT-5(a)

i. Fixed charges

Fixed Charges per Month	i) Rs.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
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ii. Demand based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs60 per KW of billing demand
	67 HP and above	Rs150 per KW of billing demand

iii. Energy Charges

0 to 500 units	470 Ps/unit
501 to 1000 units	550 Ps/unit

Above 1000 units	580 Ps/unit
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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 whichever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.

- 2. Seasonal Industries:** The industries which intend to utilize seasonal industry benefit shall comply with the conditionalities under para no. 24 of general terms and conditions applicable to LT.
- 3.** Electricity can also be used for lighting, heating, and air-conditioning in the premises.
- 4.** In the case of welding transformers, the connected load shall be taken as (a) Half the maximum capacity in KVA as per the name plate specified under-IS1851 or (b) Half the maximum capacity in KVA as recorded during rating by the Licensee, whichever is higher.

TARIFF SCHEDULE LT-6

Applicable to water supply and sewerage pumping installations and also **applicable to water purifying plants maintained by Government and Urban Local Bodies/ Grama Panchayats for supplying pure drinking water to residential areas,** Public Street lights/Park lights of village Panchayat, Town Panchayat, Town Municipalities, City Municipalities / Corporations / State and Central Govt. / APMC, Traffic signals, **Surveillance Cameras at traffic locations belonging to Government Department,** subways, water fountains of local bodies. Also applicable to Streetlights of residential Campus of universities, other educational institutions, housing colonies approved by local bodies/development authority, religious institutions, organizations run on charitable basis, industrial area / estate and notified areas, also Applicable to water supply installations in residential Layouts, Street lights along with signal lights and associated load of the gateman hut provided at the Railway level crossing.

RATE SCHEDULE

Water Supply- LT-6 (a)	
Fixed charges	Rs35/HP/month
Energy charges	340 Ps/unit
Public lighting- LT-6 (b)	
Fixed charges	Rs50/KW/month
Energy charges	500 Ps/unit
LED Lighting	400 paise/unit

TARIFF SCHEDULE LT-7

Temporary Supply and Permanent Supply to Advertising Hoardings

TARIFF SCHEDULE LT-7(a)

Applicable to Temporary Power Supply for all purposes.

LT 7(a)	Details	Approved Tariff
Temporary Power Supply for all purposes.	Less than 67 HP:	Energy charge at 900 paise / unit subject to a weekly minimum of Rs.160 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Applicable to Hoardings & Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Direction boards, and other sign boards sponsored by Private Advertising Agencies / firms on permanent connection basis.

LT 7(b)	Details	Approved Tariff
Power supply on permanent connection basis	Less than 67 HP:	Fixed Charges at Rs 40 per KW/month Energy charges at 900 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 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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