KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 2015

OF

CESC

(*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
CESC	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	Chie f 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
GoI	Government of India
GoK	Government of Karnataka
HESCOM	Hubli Electricity Supply Company
HP	Horse Power
HT	High Tension
HV	High Voltage
Hz	Hertz
IDC	Interest During Construction
IP SETS	Irrigation Pump Sets
IPPs	Independent Power Projects/ Producers
KEB	Karnataka Electricity Board

KER Act	Karnataka Electricity Reform Act
KERC	Karnataka Electricity Regulatory Commissio n
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 o f 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
RGGVY	Rajiv Gandhi Grameena Vidyuth Yojana
R&M	Repair and Maintenance
RLMS	Rural Load Management System
ROE	Return o n 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	Spec ial 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 N igama Limited
WPI	Wholesale Price Index
YOY	Year on Year

KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BANGALORE - 560 001

Dated this 2nd day of March, 2015

<u>Order on CESC's Annual Performance Review for FY14 and Revised ARR & Retail Supply Tariff for FY16</u>

In the matter of:

Application of CESC 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*

<u>O R D E R</u>

The Chamundeshwari Electricity Supply Corporation Ltd., (hereinafter referred to as CESC) is a Distribution Licensee under the provisions of the Electricity Act, 2003, and has 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 on 28.11.2014.

b) Approval of the revised distribution and Retail Supply Tariff for the financial year 2015-16 (FY16) on 08.12.2014.

In exercise of the po wers 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 Commissionõs decisions are given in this ord

CHAPTER–1

INTRODUCTION

1.0 Brief History of CESC:

Chamundeshwari Electricity Supply Corporation Ltd., (CESC) is a Distribution Licensee under Section 14 of the Electricity Act , 2003 (hereinafter referred to as the Act). CESC is responsible for purchase of power, distribution and retail supply of electricity to its consumers and also providing infrastructure for open access, Wheeling and Banking in its area of operation which includes five Districts of the

1. Mysuru
2. Hassan
3. Mandya
4. Chamara jr
5. Kodagu

y under the Companies Act, 1956, incorporated on 19th August , 2004. CESC commenced its operations on 1st April , 2005, with four districts in its area of operation.

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

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

O&M Zones	O&M Circles	O&M Divisions
Mysore zone	Mysore Works Circle	VV Mohalla
		NR Mohalla
		Nanjangud
		Hunsur
	Mysore O&M Circle	Chamarajnagar
		Kolegala
		Madikeri
	Hassan Circle	Hassan
		CR patna
		Arasikere
		HN Pura
	Mandya Circle	Mandya
		Pandavapura
		Nagamangala
		Maddur

These O & M divisions of CESC are further divided into sixty one O&M sub-divisions with accounting / non accounting sections.

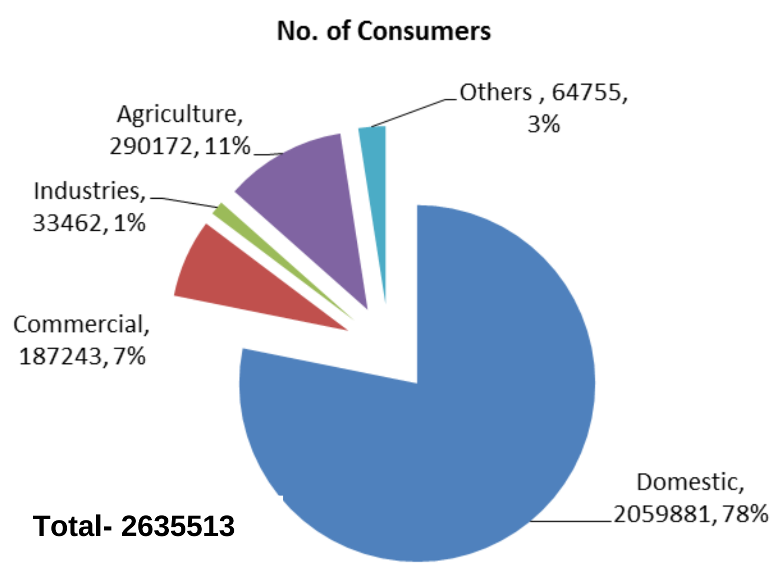
The section offices are the base level offices looking into operation and maintenance of the distribution system in order to provide reliable and quality power supply to C E S C consumers.

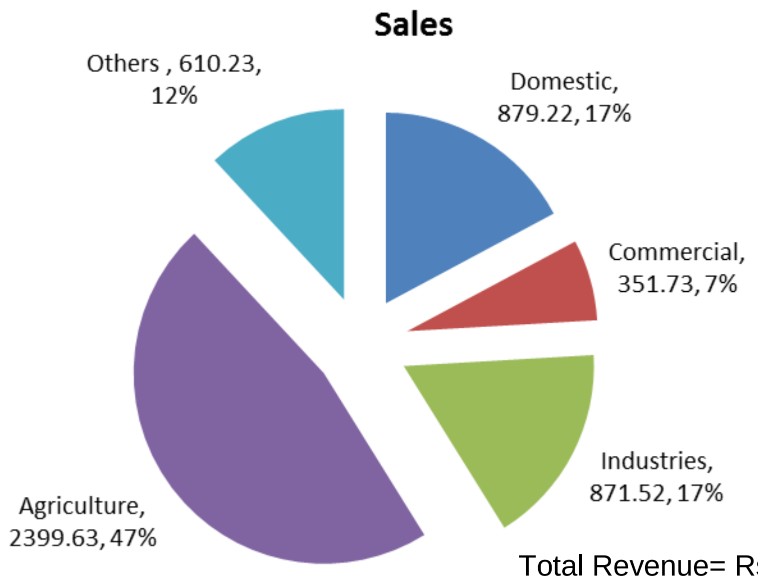
1.1 CESC at a glance:

The profile of CESC is as indicated below:

Sl. No.	Particulars (As on 31.03.2014)		Statistics
1.	Area	Sq. km.	27772.82
2.	Districts	Nos.	5
3.	Taluks	Nos.	29
4.	Population	lakhs	81.55
5.	Consumers	Lakhs	26.36
6.	Energy Sales	MU	5112.33
7.	Zone	Nos.	1
8.	DTCs	Nos.	74029
9.	Assets (including current assets)	Rs. in Crores	4248.02
10.	HT lines	Ckt. kms	37492.56
11.	LT lines	Ckt. kms	73278.08
12.	Total employees strength:		
A	Sanctioned	Nos.	7813
B	Working	Nos.	4759
13.	Revenue Demand in FY14	Rs. in Crores	2297.28
14.	Revenue Collection in FY14	Rs. in Crores	2338.74

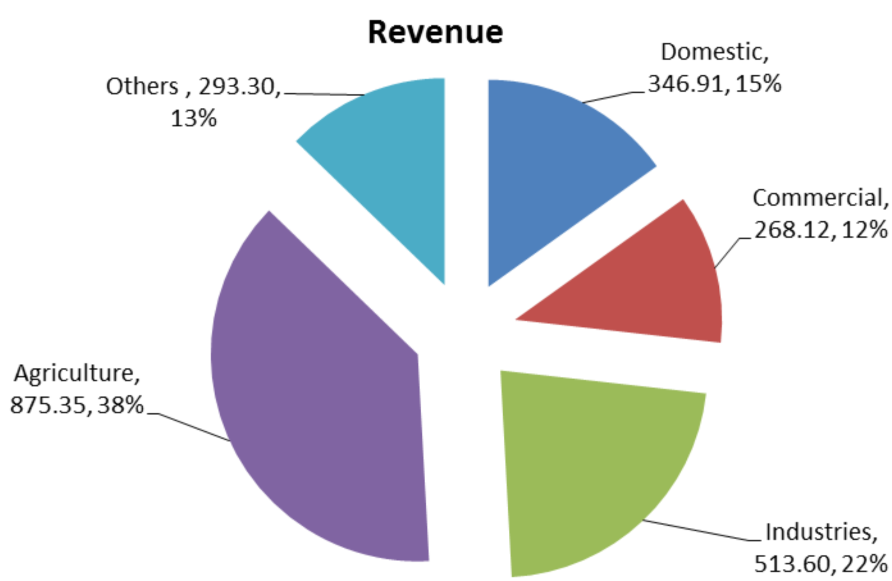
1.2 Number of Consumers, Sales in MU and Revenue details of CESC in FY14 is as follows:





Total Revenue= Rs. 2297.28

Figures in MU and % share as per Audited Accounts for FY14



Figures in Rs. Crs as per Audited Accounts for FY14

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

CESC's application, the objections / views of stakeholders thereon and the Commission's 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 CESC for FY14 under MYT principles for the control period of FY14 to FY16. CESC in its present application filed on 28th November, 2014 has sought approval for the Annual Performance Review (APR) for FY14 based on the audited accounts and application filed on 8th December, 2014 for revision of ARR for the 3rd year of the third control period i.e. FY16 and 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 CESC on 12th December, 2014 which were mainly on the following points:

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

CESC has furnished its replies on 23rd December, 2014.The replies furnished by CESC are considered in the respective Chapters of this Order.

2.2 Public Hearing Process

2.2.1 As per the Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, read with the KERC Tariff Regulations, 2000, and KERC (General and Conduct of Proceedings) Regulations, 2000, the Commission vide its letter dated 30th December, 2014 treated the application of CESC as petition and directed CESC to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from interested persons.

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

Name of the News Paper	Language	Date of Publication
Deccan Herald	English	2/1/2015 & 3/1/2015
Times of India		
Prajavani	Kannada	
Vijayakarnataka		

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

In response to the application of CESC, the Commission has received sixteen statements / letters of objections. CESC has furnished its replies to all these objections. The Commission has held a Public Hearing on 09.02.2015 at Mysore. The details of the written / oral submissions made by various stake holders and the response from CESC thereon have been discussed in Chapter - 3 of this Order.

2.3 Consultation with the Advisory Committee of the Commission

The Commission has also discussed the proposals of KPTCL and all ESCOMs in the State Advisory Committee meeting held on 25th February, 2015. During the meeting the following important issues were also discussed:

- Projection 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 passing the order.

CHAPTERð3

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 CESC. 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 CESC. 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	CA-01	Sri. A. Lokesha, Financial Advisor & Chief Accounts Officer, BWSSB
2	CA-02	Sri. N. Ravidranath & others, Madhuvanahalli, Kollegala
3	CA-03	Sri. N.C. Gopinathan, Hon. General Secretary, KASSIA
4	CA-04	Sri. M.N. Suryanarayana, General Secretary Akhila Bharatiya Grahak Panchayat, Mysuru.
5	CA-05	Sri Yoganarasimha B R , Melagodu, Hassan
6	CA-06	Sri Y M Raju, Hassan
7	CA-07	Sri Vivekanandaswamy, Hiresadarahalli, Hassan
8	CA-08	Sri Shantappa Gowda N G, Javagal, Hassan
9	CA-09	Sri K S Rangaswamy, Kasaba, Hassan
10	CA-10	Dr. Bhanuprakash K, Vidyanagara, Hassan
11	CA-11	Sri C B Kemegowda, Mandya
12	CA-12	Sri K C Yogesha, Mandya
13	CA-13	Sri Puttashankara, Mandya
14	CA-14	Smt Bhagyamma.K, Mandya
15	CA-15	Sri. S Sampathraman, President, FKCCI , Bengaluru
16	KA-02	Sri P Ben Ganapathy, Kodagu District Electric Pump Set Consumers Association, Kodagu
17	AE-01	Farmers from Kolar/ Chikkaballapur
18	AE-2	Sri M Subbanna, Bengaluru
19	AE-3	Sri Mekala Eshwara Reddy, President, Yuvasena Social Action Club,

		Ballari
20	AE-4	Sri B S Raghavendra Rao, Mysuru
21	AE-5	Doddanavar Global Energy Pvt Ltd, Bengaluru
22	AE-6	Sri C Girisha & others, Anekal
23	AE-7	Sri P B Mahesh, Anekal

List of the persons who made oral submissions during the Public Hearing on 9.02.2014.

SL.No.	Name & Address of Objectors
1	Sri K. Ravindra Prabhu for KIADB Manufacturers Association & Mysore Chamber of Commerce
2	Sri Aswathanarayana C.R.
3	Sri Nanda Subbaiah & Sri K.M. Chengappa, Kodagu Pump set Okkuta
4	Sri Suresh Kumar Jain, Mysore Industries Association
5	Sri Bhaskar, Asst. Executive Engineer, KIADB
6	Sri Ravindranatha, Maduvanahalli, Kollegal Tq.
7	Sri N. Chama Raju, Siddaiahnapura, Kollegal
8	Sri Nagabhushana Aradhya, Ramabai Nagar, Mysuru
9	Smt. Savitha Ranganath, [illegible], Mysuru.
10	Sri Manjunath& Sri Rajagopal, KASSIA
11	Sri Thirthamallesh, Karnataka Growers Federation & IP Set Users Asociation, Sakleshpur.
12	Sri C. Venkateshaiah, Deccan Nursery & Farm, Manuganahalli.
13	Sri M.R. Ranganatha, Bharatiya Kissan Sangha, Bengaluru
14	Sri Venkatesh Arbatti, Advocate, BWSSB
15	Sri S. Vasanth, Mysuru
16	Sri B. Mandanna, Mysuru
17	Sri C.B. Kempegowda, Mandya
18	Dr. Tirumala Rao, Karnataka Consumers Forum
19	Sri Ravishankar
20	Sri Ramegowda
21	Sri Srinivas
22	Sri Shivananda, Ultra Tech Cement.

The above persons have raised several issues concerning (i) Tariff (ii) Quality of power supply (iii) compliance of Wheeling & Banking and (v) have also made certain specific requests. The following is a summary of the suggestions/ objections and comments

received on various issues relating to CESC
response of CESC: -

3.2 Tariff

1) 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.

CESCõs RESPONSE:

Extension of time up to 12 .12.2014 has been granted by the Commission for filing of application for ARR/revision of tariff for FY16 in respect of CESC vide letter No. B/7/14/1365/03 -12-2014 and filing has been made on 08.12.2014, within the time specified by the KERC.

2) CESC has not filed the petition as per the Chapter 2, Clause 2.8, of the MYT Regulations and failed to furnish the perspective plan, depreciation, advance against depreciation as required under the Regulations. Further, the application may be rejected as CESC has failed to furnish the data of past two years preceding the base year as required under Clause 3.10 of the Regulations.

CESCõs RESPONSE:

The Application for Annual Performance Review of CESC for FY14 has already been filed before the Commission on 28.11.2014 and the application for determination for tariff has been filed on 08 .12.2014. Information in addition to that furnished in the APR for FY14 and ARR/Tariff Revision for FY16, if requested will be furnished by CESC.

3) The major items of expenditure projected by CESC in its tariff filing do not comply with the principles and guidelines of the KERC Regulations. The items of expenditure such as the Power Purchase Cost, furnished by CESC are based on the inflated projections for earlier years, which have been duly modified by the Commission, since the figures were inaccurate.

CESCõs RESPONSE:

The requirement of power for FY16 has been worked out based on the sales forecast duly considering transmission and distribution losses. The power purchase cost has been arrived on the basis of fixed and variable costs payable to various generators.

Further, the energy procurement for the year 2014-15 has been worked out based on the actual energy purchased up to September, 2014 and the estimated energy available from various sources from October, 2014 to March-2015 as furnished by PCKL.

4) CESC has shown a gap of Rs. 466.09 Crores for FY16 which includes regulatory assets of Rs.65.89 Crores of FY13. This amount should not be carried forward to the third control period.

CESCõs RESPONSE:

CESC has proposed before the Commission for a hike of 80 paise per unit in respect of all categories of consumers.

5) The deficit of Rs.15.61 Crores of FY14 should not be considered in the revision.

CESCõs RESPONSE:

CESC is justified in carrying over the gap of Rs.15.61 Crores of FY14 to FY16.

6) The deficit for FY16 is stated to be Rs.368.89 Crores without mentioning the amount of arrears to be recovered from local bodies. If the Govt. pays the arrears, there would be no gap for FY16.

CESC's RESPONSE:

The outstanding arrears of Urban and Rural Local bodies are included in format D18 of the ERC filing for FY16.

7) CESC has purchased short term power of 112.802 MU at Rs.62.04 Crores resulting in higher power purchase cost which needs to be rejected.

CESC's RESPONSE:

The Commission has approved the short term power purchase at Rs 5.50 per unit vide letter no KERC/S/F-32/Vol-12/14-15/1233/07-11-2014.

8) 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 CESC has not been approved by the Commission, it is not possible to verify whether the proposed tariff is within limits. The State Commission has not determined the variations of category wise revenue realization per unit with respect of overall average cost of supply. The State Commission has not determined voltage wise cost of supply and category wise subsidy with reference to actual cost of supply as mandated by the Hon'ble ATE in it should have juxtaposed tariff revision of each class as also subsidies and cross subsidies.

CESC's RESPONSE:

The cost to serve model for the year FY14, FY15 and FY16 has been submitted to the Commission for approval in format D-23 a, b & c.

Projection of sales for FY16 has been made in a scientific manner. The details are furnished in pages 16 to 25 of the application of ERC/Tariff Revision for FY16 filed before the Commission.

9) CESC has not submitted the Perspective Plan as required under the KERC Regulations. In the absence of the same, the application deserves to be dismissed.

CESCõs RESPONSE:

The perspective plan for the period FY14 to FY18 has been submitted to the Commission on 10.12.2012. The perspective plan contains Sales forecast, CAPEX and power procurement plan for the years FY14 to FY18.

10) The Commission has been approving in the past years only 73% to 77% of the projected power purchase cost. If, similar approach is adopted for the projected power purchase cost for FY16, there would be no need to revise the tariff.

CESCõs RESPONSE:

The Power purchase cost is an uncontrollable cost. To tide over the power shortage, CESC has to buy power on short term basis. This has resulted in an increase of power purchase cost.

11) The uniform tariff hike sought by all ESCOMs is not proper as the cost of distribution is different for each ESCOM. The ESCOMs have projected a total loss of Rs.4165.5 Crores in their tariff proposals and sought an increase of 80 paise per unit, but the reasons for the same are not furnished to the consumers.

CESCõs RESPONSE:

In so far as CESC is concerned, there is a gap of Rs.466.09 Crores for FY16 and to fill the gap , revision of tariff is inevitable. The power purchase cost is increasing year on year due to increased fuel cost which leads to increase in tariff.

12) The revenue gap of Rs.466.09 Crores estimated by CESC is only with an intention to seek tariff revision and it is not so in reality.

CESCõs RESPONSE:

The gap for FY16 itself would be about Rs.368.89 Crores. Regulatory assets with carrying cost would be Rs.450.48 Crores. If the gap for FY14 at Rs15.61 Crores is considered, the total gap for FY16 would be Rs. 466.09 Crores. All the details are submitted to the Commission.

13) Although Bhagya Jyothi, Kuteera Jyothi and IP Sets have been metered, the meter readings are not taken for estimation to claim crores of rupees from the GoK as subsidy.

CESCõs RESPONSE:

For BJ/KJ installations, GoK is subsidizing only 18 units of energy consumed and any excess energy consumed will be charged at LT 2(a) Tariff.

14) Instead of estimating the profit and loss as per Tariff Order of 2014, the estimation is done based on the Tariff Order of 2013.

CESCõs RESPONSE:

The estimation for FY16 is based on the actual figures of FY14.

15) Tariff proposal of CESC has to be rejected as the Company is not supplying quality power and its O&M expenses are more than approved.

C E S C õ s R E S P O N S E :

CESC is continuously trying to provide quality power to its consumers.

16) CESC has failed to collect the arrears fully from consumers. Therefore the revision of tariff should be taken up only after considering the total shortfall by way of arrears not collected. CESC should not be allowed to pa ss on these losses to the honest consumers.

C E S C õ s R E S P O N S E :

The reason for revenue gap is mainly due to increase in power purchase cost, besides employee cost and other admin istrative expenses. Profit and Loss Account is prepared on accrual basis. The a rrears from the consumers are accounted in balance sheet. Hence collection has not directly contributed to the losses of the C ompany. Only to bridge the gap CESC has filed the application for tariff revision for FY16.

17) CESC has not furnished the A u d i t o r õ s r e p o r t a l o n g w i t h p accounts.

C E S C õ s R E S P O N S E :

Annual Accounts for FY14 with Audit report and Directors õ report are available on the website www.cescmysore.org .

18) The Commission has to summon 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 proceedings of tariff hearing.

CESC's RESPONSE:

Cost Audit is mandatory for Companies and CESC has also appointed a Cost Accountant and he has submitted the Cost Audit Report and has filed the returns with MCA. Cost Audit Report for the year 2013-14 is available on the website www.cescmysore.org.

19) There are glaring and serious gaps in the data in the formats filed for revision of tariff and are liable for rejection.

CESC's RESPONSE:

The Tariff Petition has been filed in the prescribed format under section 61 & 62 of the Electricity Act, 2003 and under Section 27 of the Karnataka Electricity Reforms Act, 1999 read with relevant Regulations of KERC (Tariff) Regulations including KERC (Terms and Conditions for determination of Tariff for distribution and retail supply of Electricity) Regulations, 2006.

20) In the judgment of the Hon'ble ATE dated 17th September, 2014 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. These directions are not followed. As CESC's Consumer Security Deposit is capitalized pursuant to the State Government order, CESC should not claim ROE for the same. The interest on Security Deposits should be on par with SBI base rate.

CESCõs RESPONSE:

Since the Company is having accumulated losses, the Commission is not allowing the RoE. The Company has implemented AS-12 from FY14.

21) The State Commission is not bound to follow the audited accounts and has to scrutinize the same and allow the expenditure only after prudence check. CESCõs capital expenditure incurred has Prudence check by the Commission. Any deviations in item wise capex incurred shall be explained with respect to that approved.

CESCõs RESPONSE:

Tariff increase is necessary as the power purchase cost which is around 85% of the total revenue is increasing year on year which is un-controllable. Prudence check of capital works for the period 2010-11 and 2011-12 was carried out by M/s Price Waterhouse Coopers as directed by the Commission. The details are furnished in page 34 of the application of ERC/Tariff Revision for FY16 filed before the Commission.

22) In format D-23 CESC has stated that, cost of service methodology submitted to the Commission is yet to be approved. Hence, the tariff revision is to be deferred till it is approved by the Commission.

23) The CERC has determined the tariff for UPCL power. The tariff should have been specifically approved by State Commission as per section 62 of EA 2003. As per the judgment of the Hon'ble ATE order in the case of TANGEDCO Vs Penna Electricity Limited (Appeal no. 112 of 2012). The PPA between UPCL and CESC is not approved by the State Commission and

hence, the cost incurred for power purchase from an un- approved source cannot be passed on to the consumers.

CESCõs RESPONSE:

All power purchases made by CESC are approved by KERC and are as per the allocation made by GoK.

24) CESC 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 approved level.

CESCõs RESPONSE:

Projection of CAPEX for FY16 has been done in a realistic manner duly including works that are proposed to be taken up during the year.

25) The payment to generators made under Section 11 should not be loaded on to the distribution companies and their consumers.

CESCõs RESPONSE:

Allocation has been made by the GoK to all ESCOMs for the power to be purchased under Section 11. In the G.O it has been clearly indicated that the generators shall raise the bills as per the allocation to the ESCOMs. CESC has abided by the orders of the GoK.

26) The unmetered consumption of CESC needs to be disallowed as it has failed to comply with the directives of the Commission to fix meters to all installations.

CESCõs RESPONSE:

In CESC, no installation is being serviced without a meter except IP sets for the connected load within 10 HP.

27) No prudent reasoning or explanation is provided in respect of bad and doubtful debts.

CESCõs RESPONSE:

Accounting policy for stating bad and doubtful debts is declared in Annual Report and the same is available on the website www.cescmysore.org.

28) The distribution losses are shown in upward trajectory even though CESC is seeking significant increase in capital expenditure.

CESCõs RESPONSE:

The losses are being maintained at the approved levels.

29) The depreciation of assets is to be made as per the norms envisaged in the Companies Act / Statutory Regulations. The depreciation of assets is not in line with the judgment of the Honõble ATE.

CESCõs RESPONSE:

CESC has implemented AS-12 from 2013-14 onwards. It has written back previous years õ depreciation regarding assets created out of Grants, subsidies and consumer contributions.

30) The tariff has been increased 6 times in five years and it has increased the burden on the farmers, small traders and small scale industries.

C E S C õ s R E S P O N S E :

The power purchase cost is increasing year on year due to increased fuel cost which makes it inevitable to seek increase in tariff.

31) Since, the gap between the supply and demand is increasing day by day, the Government has to consider alternative sources of generation with small gestation period to fill the gap instead of purchasing short term high cost power.

C E S C õ s R E S P O N S E :

CESC has not offered any comments.

32) The consumer deposits should be paid interest on quarterly basis and the bills should indicate the amount of deposit.

C E S C õ s R E S P O N S E :

No Comments received.

33) The management audit of the companies is to be carried out to increase the efficiency and incentivise the companies for better performance.

C E S C õ s R E S P O N S E :

CESC will abide by the instructions contained in the tariff order of the H o n õ b l e C o m m i s s i o n .

34) The prompt payer s are to be rewarded and the defaulters punished. The names and photos of defaulters should be published in newspapers.

CESCõs RESPONSE:

Prompt payment incentive has been proposed by CESC, in the Chapter ð 11 of Tariff revision proposals for FY16 in the application for ARR/Tariff filing for FY16 filed before the Commission on 08.12.2014. In respect of defaulters, the installations are being disconnected. Also disconnection drives are being undertaken to realize the arrears.

35) Salary of the employees is more than Government employees and they enjoy additional benefits like bonus, surrender/ encashment of earned leave, medical reimbursement etc. There are plenty of officers working in offices but, a small number of staff is worki ng in field, due to which the works are not carried out in time. Hence, pay should not be increased to all employees for another 10 years and the retirement age should be reduced to 55 years. The employees proved errant should be removed from service and no allowance to be given to them.

CESCõs RESPONSE:

All employees including lineman are eligible for benefits as mentioned by the objector.

36) Unauthorized connections are given to pump sets of arc eanut growers to draw water from rivers / channels, althou gh land is not converted for non - agricultural purpose, without penalty/ department charges , thereby misusing the facility provided by Government for free supply.

CESCõs RESPONSE:

The Government is paying for power consumption of farmers with less than 10 HP IP set as subsidy.

37) BJ connections are being given to rich people instead of poor, which should be avoided.

CESCõs RESPONSE:

The identification and allotment of BJ/KJ is vested with Government local bodies and CESC is only providing power supply according to the list provided.

38) The Company has paid high rate of interest of 12.68% p.a. for the loans availed.

CESCõs RESPONSE:

CESC is paying interest on loans as per the rules ranging from 8.5% to 12.5 % per annum.

39) For new layouts, it is provided in Clause 3.2.3 of Conditions of Supply that the developers have to carry on the works on self -execution basis. In reality, the Officers are recognizing new layouts as unauthorized layouts and providing electricity supply, causing loss to the Company.

CESCõs RESPONSE:

CESC is providing power supply to layouts as per the Regulations.

40) No study is initiated to make a comparative analysis of the electricity tariff in other neighboring States and the tariff in Karnataka is high compared to other States.

CESCõs RESPONSE:

No comments.

41) Heavy amount is being spent on improving the Office and on luxury items like furniture, computer, mobile phones, etc. The walkie -talkie procured recen tly by spending C rores of rupees is rendered wasteful as none of the instruments is working.

C E S C õ s R E S P O N S E :

CESC has not furnished any response

42) Tenders are being finalized at a price of 20% more than bid price by illegal methods.

C E S C õ s R E S P O N S E :

CESC is calling tenders and finalizing them as per the KTTP Act.

3.3 Quality of power supply and service :

43) There is discrimination in number of hours of power supply given to the urban and rural areas but the tariff is the same for urban and rural areas which is not correct.

C E S C õ s R E S P O N S E :

CESC has taken action to provide 24 h ou r power supply to the rural areas through NJY feeders .

44) No action is taken to rectify the slanted poles, sagging and loose wires in Kollegal sub-division as there is a shortage of staff. Further, there is voltage fluctuation and frequent interruptions.

C E S C õ s R E S P O N S E :

CESC has taken measures to appoint assistant linemen and linemen. CESC has opened a section office at Madhuvanahalli and is trying to supply reliable power after implementing NJY. Insulators supplied by M/s Southern Electricals have failed and the company is black listed. Action is taken to replace the failed insulators.

45) Consumer representative should be included in the Board and farmersõ representatives in the Advisory Committee for better functioning and consumer interactions.

C E S C õ s R E S P O N S E :

Powers of a ppointing of members to the Board is vested with GoK.

46) There is no toll free telephone number for lodging the complaints and the response by the staff to attend the complaint s is very poor.

C E S C õ s R E S P O N S E :

Consumers can lodge their complaints using toll free number 1800 -425-1916 and 1912. This information has been advertised in all newspapers and is available in CESCõs Website also. The service centres work on 24x7 hou rs basis and complaints are attended to immediately, a docket number is given to all complaints and the complaint is transferred to concerned service station/officer.

47) The Earlier RLMS in CESC is to be subjected to technical audit.

CESCõs RESPONSE:

CSEC has not implemented RLMS.

48) Unscheduled load shedding causes inconvenience to the students, farmers and industries. Frequent load shedding, low voltage problems for about 14 hours per day are being experienced. Several times days õ taken to rectify the faults.

CESCõs RESPONSE:

Load shedding is being done only as a last resort in the identified specific stations and feeders when there is shortage of availability of power and to maintain grid discipline. Scheduled interruptions are being brought to the notice of the public by publishing in newspapers

49) The 11kV long lines should be provided with GOS to identify and rectify the faults. The pin insulator are becoming faulty within guarantee period, but due to negligence and delay in execution of works the guarantee period is expiring and replacement is not taken up by the provider firm.

CESCõs RESPONSE:

CESC has taken up various projects like NJY, RAPDRP and providing additional distribution transformers etc. to reduce the distribution loss.

50) Transformers are not repaired within 72 hours and consumers are forced to protest for repair of transformers and for seeking supply of electricity.

CESCõs RESPONSE:

The distribution transformers are failing due to overload caused by the un-authorised IP set loads and CESC is trying to replace the failed transformers within the stipulated time.

51) CESC has to make efforts to reduce the distribution losses from the approved level of 14.73%.

CESCõs RESPONSE:

CESC has taken up projects like NJY, RAPDRP and providing additional transformers to reduce losses.

3.4 Compliance of Commissionõs directives

52) CESC 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, metering of IP sets & BJ/KJ, 100% metering of installations and installing timer switches to street lights.

CESCõs RESPONSE:

CESC has reduced the Distribution loss. 152 numbers of feeders have been commissioned as on December, 2014, and power supply to both urban and rural areas is being arranged as per the orders of GOK. To the extent possible CESC has complied with the directives of the Commission. The details are furnished in page no. 31 and 32, 33, 34 and 35 of the application for APR for FY14 filed before the Commission. CESC has requested Local bodies, Municipality and City Corporation to install timer switches to street lights.

53) CESC has not furnished the details 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.

CESCõs RESPONSE:

The detailed analysis after implementation of TOD is under process. CESC has proposed another slab for TOD tariff i.e. from 06.00 hrs to 10.00 hrs in the tariff proposals.

54) The progress of NJY is very poor and CESC has not quantified the improvements achieved in rural areas after NJY.

CESCõs RESPONSE:

The works of NJY Phase -1 works are scheduled to be completed by January, 2015 and NJY Phase 2 works are scheduled to be completed by June, 2015. This information has already been furnished in the application for APR for FY14 before the Commission. The delay in completion of NJY works is due to corridor problems, resistance from consumers, railway crossings etc. CESC is analysing the impact of the NJY feeders every month.

55) The enumeration of the IP sets and regularization of unauthorized IP sets has not been taken up seriously by CESC. The consumer indexing and GPS mapping has not been completed.

CESCõs RESPONSE:

All the regularized IP sets have been included in the DCB for which subsidy is being claimed from G.O.K. The GPS mapping work is under progress.

56) CESC has not initiated any action to introduce the pre-paid meters.

CESCõs RESPONSE:

CESC has furnished compliance to the directives of the Commission as ordered in the Tariff order 2014 issued on 12.05.2014 .

3.5 Wheeling & Banking:

57) Cross subsidy charges levied on wind projects in the State should be discontinued as wind power cannot be traded in open market and should be supplied within the State. ESCOMs are claiming the demand charges in the bills as well as factoring in the ARR calculations. Hence, 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.

CESCõs RESPONSE:

Cross subsidy surcharge is collected to compensate the revenue loss to CESC due to consumers opting for wheeling of energy. Cross subsidy is determined by the Commission and CESC abides by the orders of the Commission.

3.6 Specific requests :

58) Kodagu District Electric Pump set Consumers Association has requested the Commission to consider the plantation pump sets on par with agricultural IP sets and extend free electricity supply to them.

CESCõs RESPONSE:

The tariff for all categories of consumers is determined by the Commission and CESC would follow the tariff decided by the Commission.

59) BWSSB has requested that the Commission has to consider the nature and purpose for which the electricity supply is utilised by BWSSB and its social obligation to provide water to all categories of citizens of BBMP area

which includes 27% of BPL and EWS consumers and it had to waive a sum of Rs.5.46 Cores in the year 2009 -10 related to water charges of BPL and EWS segments. The Power tariff at present accounts for 64% of the revenue of BWSSB and is the single largest item of expenditure, and the proposed hike of 80 paise per unit in power tariff would result in cost of power to become almost 75% of its revenue. Water tariff charged by BWSSB is the highest in the country, and it may not be possible to increase tariff any further, hence, it is requested to continue with the present tariff structure.

CESCõs RESPONSE:

The tariff for various categories of consumers is determined by the Commission. CESC abides by the orders of the Commission. The proposed increase in tariff across all categories of consumers is 80 paise/Unit.

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

CESCõs RESPONSE:

At present there are 54 industrial feeders in CESC. It is proposed to provide additional independent feeders during FY16 through bifurcation and creation of link lines both under E&I and the newly introduced IPDS of the Central Government.

61) KASSIA has requested that the tariff for Software Companies should be under the Commercial category, as they have higher paying capacity.

CESCõs RESPONSE:

CESC will abide by the decision of GoK and the Commission in this regard.

62) KASSIA has requested that the Solar Water Heater rebate should be increased to Rs.100/- to encourage installation of the same.

CESCõs RESPONSE:

In CESC, all residential buildings with built up area of 600 Sq ft and above constructed on sites measuring 1200 sq ft and above and falling within the limits of Municipalities /Corporations installation of solar water heaters is any way compulsory.

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

CESCõs RESPONSE:

CESC will abide by the orders of the Commission in this regard.

64) KASSIA has stated that, the energy intensive industries like foundries, forging shops steel mill, blow moulding heat treatment shops in Karnataka are not able to compete with the neighboring States due to higher cost of power and hence need reduction in tariff.

CESCõs RESPONSE:

CESC will abide by the orders of the Commission in this regard.

65) The rates for LT Domestic consumers should be lowered and the rates of HT consumers should be increased so that, the LT domestic consumers get some relief.

C E S C õ s R E S P O N S E :

CESC will abide by the orders of the Commission in this regard.

66) Solar generation should be more incentivised.

C E S C õ s R E S P O N S E :

Government of Karnataka has announced guidelines for establishing 1MWp to 3MWp solar generating plants on farmers õ land. 32 MW allocation was made vide GoK Order No. EN 62 VSC 2014 Bangalore dated 26.08.2014. The applications for 32MWp were invited by M/s KREDL, Bangalore , through online on behalf of CESC . 29 applicants were short listed through online. 26 applicants submitted the applications to CESC.

67) The dried up bore -wells should not be accounted for claiming subsidy from GoK.

C E S C õ s R E S P O N S E :

No comments received.

68) FKCCI has requested that High load factor industries are 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 of more than 85% like, Ferro -alloy industries and foundries etc.,

C E S C õ s R E S P O N S E :

CESC abides by the orders of the Commission.

69) FKCCI has requested that professional activities in a portion of residential premises should not be treated under commercial category.

CESC RESPONSE:

CESC abides by the orders of the Commission.

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

1) The Departmental linemen are meeting with accidents due to lack of safety measures. The officers concerned should be made responsible for such accidents.
2) The failed distribution transformers are not replaced within the stipulated time forcing the farmers to repair/replace them on their own. CESC should implement Standards of Performance and levy penalty on the officers for the delay.
3) The faulty/not recording meters are not replaced immediately. There should be a timeline fixed for such replacements.
4) CESC has been allotted high cost power resulting in huge gap for FY16.
5) Though there is substantial energy saved by implementing NJY, the same is not factored while calculating the gap.
6) DSM measures are not taken up by CESC for effective load management.
7) The ToD rebate should be increased to Rs.2.00 per unit for usage of energy during night hours.
8) CESC should procure high efficiency distribution transformers.
9) The water supply and street light installations in industrial areas should be charged under LT6 instead of LT5.

10) The coffee, tea and rubber plantations should be treated at par with the agricultural IP Sets.
11) Meters should be installed for all street light installations.
12) The tariff of industrial consumers should be based on cost of supply instead of average cost of supply.
13) Residential house, where a small portion is used for conducting tuitions, tailoring etc., should not be charged under commercial category.
14) Wooden and Iron poles with sagging conductors which are in hazardous condition should be replaced /rectified immediately. Power supply to IP sets should be made more reliable.
15) CESC is not providing proper services relating to power supply restoration. NJY feeders are tripping frequently causing a lot of inconvenience to the consumers.
16) Despite clear direction issued by the Commission, CESC has not taken any action on violations caused by field staff in providing power supply to abandoned layouts.
17) ToD incentive should also include the Demand charges in addition to energy charges.
18) Special tariff at concessional rate is to be determined to SEZ areas to encourage competitiveness.
19) Vigilance squad should be given more powers to effectively detect theft/misuse of electrical power.
20) Power supply should be provided to revenue sites without insisting on production of Khatha.
21) Before disconnecting any installation, the consumer should be informed through SMS.
22) Line men working at a single place for more than 15 to 20 years should be transferred.
23) Tariff for private nurseries should be reduced in line with sericulture and horticulture.
24) The officers of CESC are not staying in their respective head-quarters leading to consumers ‟dissatisfaction.

25) No proper action is taken to prevent accidents to elephants.

26) In several areas street lights are on during day time, but no action is taken to switch off the same.

27) CESC should collect appropriate fee for running the TV cables on distribution poles.

28) CESC should create consumer awareness on energy conservation and safety aspects.

29) 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 un-authorized 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:õs Views

The Stake-holders have raised several issues concerning the filing of application, compilation of accounts by CESC, 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. However, the views of the Commission on each of the issues are discussed below:

Delay in filing of Application :

CESC 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 Honõble Appel (ATE), in the Case reported in 2010 ELR (APT 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 the delay ó. In t case, the revenue requirement sought is from 1st April, 2016 and therefore, the time taken by CESC for filing the application will not adversely affect the consumersõ interest.

Petition not filed the as per the chapter 2, clause 2.8, of the MYT Regulations:

CESC has filed the application for revision of ARR for FY16 which is the third year of the Control period. The points raised by the objector are relevant only for filing of an application at the beginning of the Control Period is concerned.

Major Expenses proposed are not as per the MYT Regulations:

CESC's Reply is in order.

Regarding carry forward of Regulatory Asset and deficit of FY14 to the third Control Period:

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. There are no restrictions in the Regulations to carry forward the deficit of previous years 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.

Non-monitoring of Arrears from Local bodies

The accumulation of arrears from water supply and street light installations will not affect the working results or the revenue gap 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 water supply and street light installations in CESC and directs CESC to pursue the matter with the Government to recover the same at the earliest.

Regarding Purchase of short term power resulting in higher power purchase cost:

As the availability of power through the long-term sources is inadequate to meet the Stateõs energy and peak deman purchasing short-term power for meeting the peak and energy shortages. These purchases are being made through competitive bidding duly complying with the provisions of the Electricity Act.

Adoption of Voltage wise tariff and cost of supply to each category :

The Commission has been adopting the average cost of supply to determine the retail tariff. Adoption of Cost to Service concept requires capturing the data in respect of demand of each category of consumer in a scientific manner. The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage levels. It has been the Commissionõs endeavor to reduce the cro and to introduce the Cost to serve concept at an appropriate time. However, as directed by the Honõble ATE, the ssion has indicated the variations in the levels of cross subsidies in respect of various categories of consumers to ensure gradual reduction of cross subsidies as contemplated in the Electricity Act, 2003 and the Tariff Policy of the Government of India.

Perspective plan to be furnished etc.

CESC has filed the application for revision of ARR for FY16 which is the third year of the Control period. The points raised by the objector at Sl.No.2 above are relevant only for filing of an application at the beginning of the Control Period is concerned.

Approval of power purchase cost at reduced levels:

The power purchase cost constitutes about 80% of the total ARR and the same being uncontrollable expenditure, has to be allowed as per the actuals. As the power purchase mix changes every year due to limited availability of hydel resources, the costs of power purchase would vary year on year depending upon the mix of power purchase from different sources.

Request for uniform tariff hike is not proper:

The figures furnished by CESC 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 CESC.

Revenue gap shown only for seeking Tariff increase:

All the figures furnished by the licensees are validated by the Commission before deciding on the tariff increase.

Meter readings of BJ/KJ installations :

As stated by CESC BJ/KJ installations consuming more than 18 units are being charged at LT 2(a) tariff which is possible only after meter readings.

Profit & Loss to be estimated as per Tariff Order of 2014.

The APR is being approved based on the Audited Accounts whereas, the ARR of the future year is approved based on the best estimates on the basis of audited accounts .

To reject the tariff proposal as the Company is not providing Quality Power

The point that the Company is not providing quality power cannot be generalised. Specific instances of such lapses if any, may be brought to notice of the Company to set right any anomalies.

Non collection of arrears by CESC:

The accumulation of arrears from water supply and street light installations will not affect the working results or the revenue gap 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 water supply and street light installations in CESC and directs CESC to pursue the matter with the Government to recover the same at the earliest.

CESC has not produced the auditorõs report along with accounts etc.,

The Commission had observed this aspect in its preliminary observations and CESC has furnished the Profit & Loss Accounts and the Balance Sheet of CESC duly audited by the Comptroller & Auditor General of India. For the purpose of approving the ARR, the Commission has relied on the audited accounts submitted by CESC.

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.

Glaring and serious gaps in data:

The Commission would validate the data before approving the APR and ARR of the licensees.

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

The Honõble ATE in Appeal No. 46 of 2014 ha 17th September, 2014 and has ordered compliance of certain issues in the tariff orders to be issued after 17th September, 2014. The Commission has complied with the directions issued in this order other than voltage wise cross subsidy to voltage wise cost of supply for the reasons noted under Chapter ð6 of this order.

Allowing the expenditure after prudence check:

The expenses to be allowed are subjected to due diligence and also, the Commission is conducting prudence check of capex during APR.

Tariff as per Cost to Serve methodology:

The Commission has been adopting the average cost of supply to determine the retail tariff. Adoption of Cost to Service concept requires capturing the data in respect of demand of each category of consumer in a scientific manner. The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage levels. It has been the Commissionõs endeavor to reduce the cross subsidy gradually and to introduce the Cost to serve concept at an appropriate time. However, as directed by the Honõble ATE, the the variations in the levels of cross subsidies in respect of various categories of consumers to ensure gradual reduction of cross subsidies as contemplated in the Electricity Act and the Tariff Policy of the Government of India.

Tariff of UPCL determined by CERC and not by KERC:

The UPCL is an inter-state power producing company, having PPA with another State for selling part of the power produced by it. Hence, as per the Electricity Act, 2003 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 subject to prudence check after completion of works.

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

The ESCOMs are procuring power as per the Orders of the Government of Karnataka under Section 11 of the Electricity Act, 2003. They are drawing the power required to meet the shortage of power in the State and are bound to pay the charges for such drawal of power. The suggestion 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.

No prudent Reasoning for bad and doubtful debts:

The Commission has been adopting a consistent policy in allowing these expenses as per actuals, without considering the provisions made in the Accounts of ESCOMs.

Losses are being shown at a higher level to seek higher capital investment:

CESC is achieving the loss levels as per the targets. The capex is being allowed as per the targets fixed in the MYT Order and not as per the filings.

Depreciation to be charges as per Companies Act:

The depreciation is being charged as per the provisions of MYT Regulations framed by the Commission.

Frequent Increase in tariff burdening the farmers and Traders:

As rightly explained by CESC periodic revision of tariff is inevitable to keep the ESCOM economically viable.

Govt. to consider alternate sources of power to reduce the increasing gap year on year:

The State is having a deficit power situation and the increasing demand for power is being met by all the available sources including purchases of short-term power at high costs. The State Government and the Commission are actively encouraging setting up of short gestation power projects like solar power projects.

Interest on consumer deposit to be paid quarterly:

The interest on consumer deposit is being paid as per the Electricity Act, 2003 and Commissionõs Regulationsterest. There is quarterly.

Management Audit to be done to be carried out in CESC:

The ESCOMs are Government owned Companies and as per the statutory provisions, the audit is carried out by Statutory Auditors as well as C & AG of India, which includes Management Audit.

Effective action on defaulters :

Action taken by CESC to recover arrears from defaulters is found satisfactory, though there is scope for improving it further.

Salaries of the employees not to be increased for another 10 years:

It is a policy matter to be decided by the Government who is the owner of the licensees.

Un-authorized connections to pump-sets

This is not a matter that can be dealt in Tariff Order and would be reviewed separately.

BJ Connections given to rich people:

As explained by CESC, the beneficiaries are identified by the Government and CESC has no role in it.

High rate of interest being paid on loans:

As rightly explained by CESC it is paying interest at the lowest rates available.

Providing Power supply to un-authorized layouts:

The supply of power to the owners and occupants of any premises is mandatory as per the Electricity Act.

Analysis of the electricity tariff in other neighboring States and the tariff in Karnataka:

Availability of generation capacity, types of power generators, fuel mix and the consumer mix are different in different States. The tariff therefore varies from State to State.

Spending heavy amounts on furniture, computers mobile phones, walkie-talkies etc. resulting in wasteful expenditure:

Though the expenses on furniture, computers and mobile phone are essential for running the operations, CESC should identify wasteful expenditure and cut such expenses so as to not burden the consumers, otherwise who would have to bear these expenses through tariff.

Procurement of materials at prices above the bid price.

Though CESC has stated that the procurement is being made as per KTTP Act, Commission directs that it should ensure that the prices paid are reasonable as compared to other ESCOMs/ other states in the southern region, to ensure that the materials are not purchased at high cost.

Discrimination in supply of power to urban & rural areas:

The implementation of NJY scheme ensures 24 hours power supply to the rural areas. Hence, CESC shall ensure that the NJY schemes are implemented without in any delay.

Voltage variations and frequent interruptions in Kollegal sub-division:

The commission notes that CESC has taken adequate steps to address this problem.

Making consumerõs / farmerõs representative CESC to address their issues:

This is a policy issue to be decided by the Government of Karnataka, who is the owner of CESC.

Toll free telephones for lodging complaints:

As pointed out by CESC toll free telephone facility is now available to the consumers.

RLMS works to be subjected to Technical Audit:

As explained by CESC, RLMS has not been implemented in CESC area.

Frequent un-scheduled load shedding is causing inconvenience :

While load shedding because of power shortage is unavoidable. Load shedding due to faults in distribution lines can be avoided. The Commission therefore directs CESC to identify and rectify any bottlenecks in the supply lines/ stations.

Providing GOs to 11 KV lines to rectify faults etc. :

As explained by CESC it has initiated action to reduce faults in distribution lines. But it should complete the works taken up on a time bound manner.

Transformers not being repaired in 72 Hours:

The Commission is issuing a new directive on this issue.

Reduction of losses by CESC:

Performance of CESC in this area is being monitored continuously by Commission and a fresh lower target fixed every year.

Non-compliance of directives in implementing HVDS, DSM etc.,

The Commission reviewing compliance to its directives by CESC separately.

Results of implementation of the ToD tariff:

CESC should complete the analysis and demonstrate as to whether the introduction of ToD has helped in shifting the demand and if so to what extent. Based on the analysis the Commission would decide to review ToD tariff scheme.

Poor progress in NJY and the CESC has not quantified the improvements after implementation of NJY in Rural Areas:

The Commission has taken this issue seriously and would be issuing appropriate directives separately.

Non-completion of IP sets survey and un-authorized IP sets, consumer indexing etc.:

The Commission has already directed that CESC should enumerate IP sets, complete consumer indexing and conduct energy audit and report the results thereon to the Commission. Apart from reiterating this directive, the Commission would periodically monitor the progress in this regards.

Introduction of pre-paid meters:

The Commission is also of the view that pre-paid meters should be encouraged, as it will ensure collection of revenue in advance to CESC.

Discontinuation of cross subsidy for Wind projects:

The Commission has already examined this suggestion and found it as not acceptable.

Free power to plantations:

It is a policy matter to be decided by the Government of Karnataka and cannot be decided by the Commission.

BWSSBõs request to continue the present tari

The increase in tariff is warranted by the increase in costs. While doing so, the increase has to be made across all the consumers with rare exceptions.

Proving independent feeders for industries:

The Commission notes that CESC has planned for this and directs CESC to implement the same at the earliest.

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. The Commission does not find any justifiable reasons to seek review of such policy.

Request to increase the solar rebate to Rs.100/-

The Commission does not find any justifiable reasons for increasing the solar rebate for the present.

Request for extending Open Access facility for consumers of less than 1 MW:

The present Regulations provide for extending open access up to one MW only and presently there is no case for its review.

Request to reduce tariff to make industry more competitive:

The Commission has been keeping this in view during every tariff revision.

Reducing rates of LT Domestic consumers by increasing the rates to HT consumers:

The Commission would like to point out that the LT domestic consumers are already being cross subsidized to some extent by commercial and HT consumers. As per the Tariff Policy and the Orders of the Honõble A

Commission is required to gradually reduce the cross subsidies to Plus or Minus 20% of the cost of supply. Hence the suggestion is not feasible.

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.

Request to charge commercial tariff to residences partly used for professional activities :

As per the existing tariff, a part of the house can be used for professional purpose s such as medical practice, legal practice etc . However, if a part of house is being used for commercial purposes , it is requires to separately metered and billed under commercial tariff.

3.9 Views expressed during Public hearing

CESC has furnished replies to the objections raised during the public hearing held on 9 th February , 2015. Most of the issues raised by the objectors are covered under the replies and Commissionõ views disc

above.

The Commission however directs CESC to look into specific complaints / suggestions on operational issues and suitably address them it. The Commission also has taken note of the objections / suggestions received while deciding the application of CESC for 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 *CESC's Application for APR for FY14:*

CESC, in its application dated 28th November, 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. CESC, in its letter dated 19th December, 2014 has furnished replies to the preliminary observations of the Commission.

The Commission in its Multi Year Tariff (MYT) Order dated 6th May, 2013 had approved CESC'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 CESC's Audited Accounts is discussed in this Chapter.

4.1 CESC's Submission:

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

TABLE – 4.1

Revised ARR for FY14 – CESC's Submission

Amount in Rs.Crs.

Sl. No.	Particulars	As filed 28.11.2014
	Revenue at existing tariff in Rs Crs	
1	Revenue from tariff and Misc Charges	1534.07
2	RE Subsidy	879.00
3	Total Existing Revenue	2413.07

	Expenditure in Rs Crs	
4	Power Purchase Cost	1814.67
5	Transmission charges of KPTCL	235.65
6	SLDC Charges	1.59
7	Power Purchase Cost including cost of transmission	2051.91
8	Employee Cost	284.56
9	Repairs & Maintenance	35.62
10	Admin & General Expenses	35.09
11	Total O&M Expenses	355.27
12	Depreciation	36.77
	Interest & Finance charges	
13	Interest on Loans	39.70
14	Interest on Working capital	4.24
15	Interest on belated payment on PP Cost	134.42
16	Interest on consumer deposits	32.25
17	Other Interest & Finance charges	0.20
18	Less interest capitalised	9.72
19	Total Interest & Finance charges	201.08
20	Other Debits	4.69
21	Net Prior Period Debit/Credit	-202.94
22	RoE	0.00
23	Provision for taxation	7.00
24	Funds towards Consumer Relations/Consumer Education	0.00
25	Other Income	25.09
26	Net ARR	2428.69

Considering the actual revenue of Rs2413.07 Crores against a net ARR of Rs2428.69 Crores, CESC has reported a gap in revenue of Rs. 15.61 Crores for FY14.

4.2 CESC's Financial Performance as per Audited Ac

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

TABLE–4.2

Financial Performance of CESC for FY14

Amount in Rs.Crs.

Sl. No	Particulars	FY14
	Receipts	
1	Revenue from Tariff and misc. charges	1534.07
2	Tariff Subsidy	879.00
3	Total Revenue	2413.07
	Expenditure	
4	Power Purchase Cost	1814.67
5	Transmission charges of KPTCL	235.65
6	SLDC Charges	1.59
7	Power Purchase Cost including cost of transmission	2051.91
8	O&M Expenses	355.27
9	Depreciation	36.77
	Interest & Finance charges	
10	Interest on Loans	39.70
11	Interest on Working capital	4.24
12	Interest on belated payments on PP Cost	134.42
13	Interest on consumer deposits	32.25
14	Other Interest & Finance charges	0.20
15	Less interest and other expenses capitalised	9.72
16	Total Interest & Finance charges	201.08
17	Other Debits	4.69
18	Net Prior Period Debit/Credit	-76.24
19	Additional Tariff Subsidy (True up) from GoK as per KERC Order	-126.69
20	Exceptional items	0.00
21	Other income	25.09
22	Income tax	7.00
	Net ARR	2428.71

As per the Audited Accounts, CESC has incurred a loss of Rs.15.61 Crores for FY14. The profits / losses reported by CESC in its audited accounts in the previous years are as follows:

Particulars	Amount in Rs.Crs

Accumulated losses as at the end of FY10	(285.15)
Profit earned in FY11	11.38
Profit earned in FY12	(123.45)
Loss incurred in FY13	(269.63)
Loss incurred in FY14	(15.61)
Accumulated losses as at the end of FY14	(682.46)

As reflected in the Balance Sheet for FY14, considering the profits / losses in the previous years, the accumulated loss amounts to Rs.682.46 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 discussed in the following paragraphs:

4.2.1 Sales for FY14:

CESC in its proposal for FY14 had requested to approve total sales of 5619.10 MU. The Commission in its Tariff order 2013 had approved total sales to various consumer categories at 5234.42 MU. The Actual sales of CESC as per the current APR filing [D-2 FORMAT] is 5112.33 MU indicating a short fall in sales to the extent of 122.09 MUs as compared to the approved sales.

The Commission notes that, as against approved sales of 2963.26 MU to categories other than BJ/KJ and IP sets categories, the actual sales achieved by CESC is 2729.96 MU, resulting in shortfall of sales to these categories by 233.30 MU. On the other hand CESC has sold 2382.38 MUs to BJ/KJ and IP categories against approved sales of 2271.16 MU resulting in increased sales to these categories by 111.22 MU. The actual share of sales to categories other than BJ/KJ and IP sets categories is 53.40% as against the estimated share of 56.61% resulting in reduced share by 3.2 percentage points to these categories, while the actual share of sales to BJ/KJ and IP sets categories has increased by the same percentage points.

The Commission notes that, in the year FY14, the sales to categories other than BJ/KJ and IP sets categories has shown growth rate of 8%, and there has been reduction in the sales growth rate in respect of BJ/KJ and IP Sets categories. The Commission in its preliminary observation had noted that the major categories contributing to the reduction in sales are LT Domestic (60 MU) and HT Industries (171 MU). On the other hand it had noted that the sales to IP sets has increased by 105.24 MU.

CESC in its replies has stated that:

The actuals for FY14 compared with revised sales for FY14 category-wise indicate a difference of about 14 MU only. Regarding LT domestic, IP sets and HT industries, it is stated that the difference is only 7 MU, 26 MU and 40 Mu respectively as compared to the revised sales.

In FY14, HT2 (a) consumers who have opted for wheeling and banking had wheeled energy to an extent of 41.33 MU, which has contributed to reduction in sales to this category.

The Commission is of the view that while carrying out APR exercise, all the figures as per actuals are compared with respect to the approved values to arrive at the revised ARR and the gap, in view of the fact that the tariff has been determined based on the approved figures. Thus, for the purpose of APR comparison of the actual figures with the revised figures is not correct.

4.2.2 Sales to IP Sets:

The specific consumption of IP Sets approved by the Commission for FY14 was 8195 units / installation / annum, whereas the specific consumption arrived at on the basis of the actual consumption reported by CESC works out to 8579 units / installation / annum which indicates an increase of 384 units / installation / annum. The sales quantity approved by the Commission for FY14 was 2243.77 MU, whereas the actual sales reported by CESC was 2349.01 MU. The quantum of sales to IP Sets category has increased by 105.24 MU as compared to the quantum approved by the Commission in FY14.

Further, the Commission had approved 2,79,803 as the number of installations which would be serviced in FY14; whereas the actual number of installations reported by the CESC is 2,84,965. This means the number of installations has increased by 5162 as against the number of installations projected for FY14. The Commission had raised the issue of both increase in specific consumption and sales to IP Sets category with CESC in its preliminary observations and sought clarifications from CESC. CESC, while replying to the preliminary observations has stated that, it has regularized unauthorized IP Sets during later part of FY14 and thus the number of installations has increased and consumption has also increased as compared to approved figures. During the validation meeting also, the CESC has reiterated that un-authorized IP Sets serviced during FY14 in the later part of the year i.e., between December, 2013 and March 2014 were more and hence, the consumption reported was more than the approved one.

Further, it is noted that many Agriculture feeders have been segregated from rural loads under NJY scheme and as per the latest progress reported, 132 numbers of 11 kV feeders have been commissioned. The energy consumed by the IP Sets can be more accurately measured at the 11 kV feeder level at the Sub-Stations after duly allowing for 11 kV and LT system losses. As the energy meter readings are available now at the 11 kV feeder level, henceforth CESC shall report the IP Set consumption on the basis of actual consumption recorded from the meters installed on agriculture feeders every month. 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 2349.01 MU as furnished by the CESC.

Since the year FY14 has already ended, the Commission approves the overall actual sales of 5112.33 MU. However, the Commission directs CESC to evolve a strategy to increase sales to revenue earning categories.

The category wise sales approved by the Commission as per actuals for FY14 are indicated in the following table :

TABLEð4.3

Approved Sales as per APR for FY14

In MU

Category	Approved As per ARR for FY14	Approved as per APR for FY14	Variation between ARR & APR
LT-2a*	891.95	831.76	60.18
LT-2b	6.59	6.28	0.31
LT-3	244.95	223.88	21.07
LT-4b	0.59	1.01	-0.42
LT-4c	16.48	9.75	6.73
LT-5	141.14	130.67	10.47
LT-6	158.46	133.86	24.60
LT-6	83.43	81.22	2.21
LT-7	14.34	10.19	4.15
HT-1	322.81	383.93	-61.12
HT-2a	911.89	740.85	171.04
HT-2b	132.50	113.80	18.70
HT-2c	0	14.05	-14.05
HT-3a & b	28.18	39.84	-11.66
HT-4	9.63	7.82	1.81
HT-5	0.32	1.05	-0.73
Sub total	2963.26	2729.96	233.30
BJ/KJ	27.39	33.37	-6.48
IP	2243.77	2349.01	-105.24
Sub total	2271.16	2382.38	-111.22
Grand total	5234.42	5112.33	122.08

**Including BJ/KJ installations consuming more than 18 units/month*

In the light of the above discussion the Commission hereby approves the actual sales of 5112.33 MU for FY14.

4.2.3 Distribution Losses for FY14:

CESCõ s Submission:

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

Range	FY14
Upper limit	16.00%

Average	15.50%
Lower Limit	15.00%

CESC has reported a loss level of 14.73% in its annual accounts.

1	Energy at Interface Points in MU	5995.61
2	Total sales in MU	5112.33
3	Distribution losses as a percentage of input energy at IF points	14.73%

Commission's analysis and decision:

The distribution loss of 14.73% reported by CESC is less than the lower limit of approved distribution loss by 0.27%. In accordance with the provisions of the Regulation 3.4.2 of the KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006, the savings in reduction of distribution losses is to be shared between distribution licensee and the consumers in the ratio of 70 : 30 during the first control period and in the ratio as may be decided by the Commission in the subsequent control periods.

FY14 being the first year of the third control period, the Commission decides to allow sharing of incentives due to reduction of distribution losses in the ratio of 50 : 50 between distribution licensee and the consumers for FY14. Hence, the incentives for FY14 are as detailed below:

Particulars	FY14
Actual input at IP points as per audited accounts in MU	5995.61
Retail sales as per audited accounts in MU	5112.33
Percentage distribution losses	14.73%
Target lower limit of distribution loss	15.00%
Decrease in percentage loss	0.27%
Input at target loss for actual sales in MU	6014.51
Decrease in input due to reduction in distribution losses in MU	18.90
Average cost of power purchase in Rs./unit	3.29
Savings in power purchase cost due to reduction of losses	6.22

50% of savings to be included in APR 14	3.11

The Commission decides to allow an amount of Rs.3.11 Crores as incentives for loss reduction for FY14 to be included in the APR for FY14.

4.2.4 Power purchase for FY14

1. CESC’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 FY 14. CESC, in its application for Annual Performance Review has submitted the details of actual power purchase for FY14, as follows:

TABLE- 4.4

CESC’s POWER PURCHASE FOR FY 14

Source	Actuals			Approved		
	Energy in MU (Million Unit)	Total Cost (Crs)	Cost per Kwh (Rs/Kwh)	Energy in MU (Million Unit)	Total Cost (Crs)	Cost per Kwh (Rs/Kwh)
KPCL Hydel Stations	1952.50	115.08	0.59	1920.41	113.47	0.59
KPCL-Thermal Stations	1526.00	611.01	4.00	1821.81	679.79	3.73
Total	3478.50	726.09	2.09	3742.22	793.26	2.12
CGS	1289.01	388.32	3.01	1461.04	432.71	2.96
Major IPPs	374.66	227.67	6.08*	447.32	185.05	4.14
IPPs –Minor (NCE Projects)	610.24	209.83	3.44	794.83	280.14	3.52
Other States Projects	5.15	0.00	0.00	0.00	0.00	0.00
Short term/Medium term	276.98	148.22	5.35	3.26	1.62	4.97
Purchase under Section 11	5.10	2.65	5.20	0.00	0.00	0.00
UI Charges	-25.03	-4.29	1.71	0.00	0.00	0.00
Transmission Charges	0.00	278.05	0.00	0.00	238.57	0.00
System Operating Charges (I)	0.00	1.94	0.00	0.00	2.11	0.00
Energy Balancing	215.36	70.95	0.00	0.00	0.00	0.00
PCKL Rev Exp	0.00	2.48	0.00	0.00	0.00	0.00
Energy Balancing					118.45	
TOTAL	6229.97	2051.91	3.29	6448.67	1932.77	3.00

* Arrears of Rs.294.66 Crores to UPCL has been paid a

Commission’s analysis and decisions;

The actual power purchase for FY14 as filed by CESC for approval of Annual Performance Review is 6229.97 MU amounting to Rs.2051.91 Crores as against the approved quantum of 6448.67 MU amounting to Rs.1932.77 Crores. This represents reduction in sales to an extent of 218.70 MU with an increase in cost of Rs .118.45 Crores.

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

i. As against the approved quantum of 6448.67 MU the actual power purchased by CESC is 6229.97 MU for FY14 indicating a short fall of 218.70 MU which is 3.39% of the approved quantum.
ii. This shortfall in Power Purchase is mainly due to the reduction in sales to an extent of 122.08 MU.
iii. The reduction in sales is reflected in reduced purchase of energy.
iv. The shortfall from Thermal stations has been made good from Short term/ Medium term power purchases.
v. Further, CESC has incurred PGCIL charges of Rs.42.40 Crores which has resulted in an increase in rate per unit by 7 Paise, and provisions of Rs1.32 Crores towards inter -ESCOM energy exchange charges have been made.
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 to Rs3.29 per Kwh as against the approved rate of Rs 3.00 per Kwh leading to an overall increase by Rs0.29 per unit.

2. As per the reconciled statement agreed to by the ESCOMs, for the energy exchange between them, the Payables and Receivables of CESC are as follows.

Name of the ESCOM	CESC's				
	(-) Payable		(+) Receivable		Net Payables (-) Receivables (+) of CESC
	Energy in Mus	Amount in Crs.	Energy in Mus	Amount in Crs.	Amount in Crs.
BESCOM	-170.31	-107.40			-107.4
GESCOM	-17.78	0	166.92	82.59	82.59
HESCOM	-10.06	0	0	9.39	9.39
MESCOM	-93.57	-24.08			-24.08

TOTAL	-291.72	-131.48	166.92	91.98	-39.5

i. It is seen from the above table that, as on 31st March, 2014, CESC has to pay a net amount of Rs.39.5 Crores to other ESCOMs. The Commission notes that, for settlement of inter-ESCOM Power Purchase dues, no mechanism is put in place. It is therefore felt necessary that the Government, while releasing the subsidy to ESCOMs, may make necessary adjustments in the subsidy payable and ensure that there are no inter-ESCOMs dues outstanding in the Account.

ii. CESC 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 6229.97 MU at a cost of Rs.2051.91 Crores towards actual power purchases, for the purpose of approving the Annual Performance of CESC for FY14.

4.2.5 Operation and Maintenance Expenses:

CESCõs Submission:

CESC has sought approval of O&M expenditure of Rs. 355.27 Crores for FY14. CESC has claimed this O & M expenses on the basis of actual R&M expenses of Rs.35.62 Crores, employee cost of Rs.284.56 Crores and A&G expenses of Rs.35.09 Crores.

The Commission had allowed uncontrollable O&M expenses of Rs.63.57 Crores towards revision of pay, pension and gratuity contribution, increase in DA and increase in HRA. CESC in its application has submitted that an amount of Rs. 54.19 Crores is incurred as additional O & M expenses as detailed below:

TABLE–4.5

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

Amount in Rs.crs.

Particulars	Amount
Contribution to P&G	52.81
Increase in HRA	1.38
Additional O&M Expenses for FY14	54.19

Thus, CESC has requested the Commission to allow O&M cost of Rs.355.27 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	2656606
Weighted Inflation Index	5.49%
CGI based on 3 Year CAGR	4.21%
Normative O&M expenses for FY12 excluding P&G contribution	249.47
O&M Index= 0&M (t-1)*(1+WII+CGI-X)	289.36
Additional O&M expenses (uncontrollable)	63.57
Total Approved O&M Expenses for FY14	352.93

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

TABLE–4.7

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

Amount in Rs.Crs.

Repairs & Maintenance	35.62
Employee Expenses	284.56
A&G expenses	35.09
O&M expenses	355.27

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:

a) The actual O & M expenses for FY13 excluding contribution to Pension and Gratuity Trust.

b) The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts up to FY14.

c) The weighted inflation index (WII) at 6.69% as computed above.

d) Efficiency factor at 2 % 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	2635513
Weighted Inflation Index	6.69%
Consumer Growth Index (CGI) based on 3 Year CAGR	3.44%
O & M expenses for FY13 excluding P&G contribution - Rs. Crs.	270.60
O&M Index= 0&M (t-1)*(1+WII+CGI-X)- Rs.Crs.	292.60

The above normative O & M expenses have been computed without considering the 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.

CESC was asked to furnish data on additional employee costs on account of the above factors. CESC has sought an amount of Rs. 144.80 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 CESC 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	52.81
Increase in HRA @ 2% on basic pay	1.20
Total Uncontrollable O&M Expenses -FY14	54.01

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 CESC. Hence, disallowance of bonus paid by CESC separately does not arise.

Thus, the total 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	292.60
2	Additional employee cost (uncontrollable O & M expenses)	54.01
3	Total Allowable O & M expenses for FY14	346.61

The Commission therefore decides to allow an amount of Rs. 346.61 Crores as O&M expenses for FY14.

4.2.6 Depreciation:

CESC's Submission:

CESC has claimed an amount of Rs. 36.77 Crores as depreciation worked out after deducting an amount of Rs. 30.11 Crores towards depreciation withdrawn on account of contributions / subsidies as per Accounting Standards (AS) –12.

TABLE–4.11

Depreciation for FY14 –CESC's Submission

Amount in Rs. Crs.

Particulars	FY14
Gross fixed assets at the beginning of the year	1364.03
Additions during the year	343.01
Deductions during the year	62.30
Gross fixed assets at the end of the year	1644.74
Depreciation provided	66.88
Average rate of Depreciation	4.45
Less: Depreciation withdrawn from contribution as per AS 12	30.11
Depreciation	36.77

The average rate of depreciation works out to 4.45%. CESC has requested the Commission to allow a depreciation amount of Rs.36.77 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 4.46%.

As per the audited accounts for FY14, an amount of Rs. 30.11 Crores, on account of depreciation on assets created out of grants and contribution on actual basis, is considered for computation of allowable depreciation for FY14.

Based on the above, the Commission decides to allow the actual depreciation of Rs. 36.77 Crores for FY14.

4.2.7 Capital Expenditure of FY14:

CESC has reported a capital expenditure of Rs.321.75 Crores as against an approved capex of Rs.575.5 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.

Particulars		Approved for FY14	Actual Expenditure for FY14
1	System Improvements works		
a.	HT	56.50	63.99
b.	DTC		

c.	L.T		
d.	HVDS	20.00	
e.	UNIP works	50.00	
2	N.J.Y	200.00	60.85
3	Replacement of Failed DTC	11.00	48.57
4	Service Connection	33.50	31.11
5	RGGVY (Restructured) + DDG	50.00	17.38
6	R- APDRP (APDRP)	100.00	55.11
7	Rural Electrification	5.00	
a.	Electrification of Hamlets/DB/JC		
b.	I.P. Set		
c.	BPL Households		
8	TSP	3.00	
a.	Electrification of T. C		34.16
b.	I. P. Set		
c.	BPL Households		
9	SCP	10.00	
a.	Electrification of DB/JC		
b.	I. P. Set		
c.	BPL Households		
10	Metering DTC	22.50	-0.1735
11	T & P	4.00	2.16
12	Civil	10.00	8.59
Total		575.50	321.75

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

TABLEð4.13

Approved Vs Actual capital investment

Amount in Rs.Crs.

Particulars	FY11	FY12	FY13	FY14
Capital Investment Proposed & Approved	438.00	485.00	560.00	575.50
Capital Investment actually incurred	162.61	183.27	195.87	321.75
Short fall	275.39	301.73	364.13	253.75
% Achievement	37.13%	37.79%	34.98%	55.91%

Commissionõs analysis and decisions:

From the above table showing the year wise capital expenditure, it can be observed that, the overall capital expenditure for FY14 is found to be 56% of the approved capex. In the item wise expenditure CESC has over achieved its capital expenditure only in replacement of failed DTCs, while in other items, it has not met the approved targets. In HVDS and infrastructure to UNIP works CESC has not achieved any capital expenditure for FY14. In case of NJY only Rs.60.85 Crores against the approved capex of Rs.200 Crores was achieved.

The Commission, having taken note of the item wise and the overall capital expenditure, decides to allow the actual capital expenditure of Rs.321.75 Crores for FY14 after disallowing some of the capex not meeting the norms of prudence as discussed in the following paragraphs. The Commission hereby directs CESC to strengthen its planning and execution process to achieve the targets as planned.

4.2.8 Prudence check of FY13 and FY14:

The prudence check of capex of CESC 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 CESC for the period FY13 & FY14 by engaging the services of M/s. Price Water House Coopers Pvt. Ltd., (M/s. PWC) as consultants to evaluate the capital expenditure of FY13 & FY14 in respect of completed and categorized works.

As per the report of the consultants, the following are the salient features:

TABLEð4.14

Gist of Prudence check findings for FY13 & FY14

Particulars	Numbers	Amount in Rs. Crs.
No. of works costing Rs. 10 Lakhs and above examined	70	56.41
No. of works costing less than Rs10 Lakhs examined	54	1.37
No. of works costing Rs. 10 Lakhs and above not meeting the norms of prudence as stipulated in the guidelines issued by this Commission	2	74.94

Some of the other findings of the prudence check are summarized in the following Table:

TABLE- 4.15

Summary of other findings by Consultants

Particulars	Status of the Project
Number of projects completed with time delay of 1 year	38
Number of works completed with delay of 1 to 2 year s	18
Number of works completed with delay of 2 to 3 year s	10
Number of works with cost over -run within 20%	17
Number of works exceeding estimated cost by 20% to 50%	4
Number of works exceeding estimated cost by more than 50%	2

The Commission had forwarded the copy of the Report of the Consultant on the Prudence check seeking CESCõs commen forwarded by CESC is summarized below:

TABLEð4.16

Summary of Replies furnished by CESC

Sl. No	Details of Works considered as imprudent with reasons in brief	Amou nt Rs. in Lakhs	Replies furnished by CESC to justify the capex
1	Providing Metering System by Fixing Meter Housing Box, LT CTs, ETV Meters etc, to all the Urban DTs	12.01	DTC loss analysis was delayed due to delay in consumer installations maping , and data migration with TRM agency. There was a delay in synchronisation of the modems installed and the new TRM software.
2	Providing Metering System by Fixing Meter Housing Box, LT CTs, ETV Meters etc, to all the Urban DTs	62.93	Some DTC meters h ave to be fixed with modems, In some of the DTCs the replacement of burnt out CTs, Meters are being carried out. Creating of Spot serials are under progress. Due to the above reasons there was a delay in DTCs energy audit.

The Commission having taken note of the consultantõs find their Report as well as the reply given by CESC considers two works as not meeting prudent norms and disallows the capital expenditure of Rs.74.94 Lakhs on such imprudent works. The allowable interest on loans and depreciation on the above , amounting to Rs80.00 Lakhs is disallowed from the APR of FY14 as shown in the following table :

Details of Amounts disallowed in APR FY14

Particulars	Amount in Rs.Crs.
Total cost of categorized works eligible for prudence check	530.42
Total cost of the sample works	57.78
Cost of sample works meeting prudence norms	57.03
Cost of sample works not meeting prudence norms	0.75
Percentage of cost not meeting prudence norms	1.30%
Overall cost of capex not meeting prudence norms	6.88
Amount to be disallowed towards works not meeting prudence norms calculated on the basis of weighted average interest & weighted average depreciation.	0.80

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

The Capital investment works in CESC are executed by both on turnkey as well as partial turnkey contract. CESC 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 which was 31.51 % and 28.64 % of capex in FY13 and FY14 respectively has formed a considerable share in the capex and hence the major material procurement process was also reviewed as a part of prudence check of capital investment for FY13 & FY14. The Major materials are procured by the procurement wing at corporate office.

The procurement procedures followed by CESC 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 CESC 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 CESC 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 neighboring States. CESC shall take all measures to judiciously prepare the Schedule of Rates every year.

The inventory of major stock materials was reviewed and found that the stock position of Poles is 51 % of annual requirement (procured) which could have been limited to nearly 25%, and the P.Os can be placed every quarter to meet the requirement. It is directed that 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 & Payment.

4.2.9 Interest and Finance Charges

a) Interest on loan:

CESCõs Submission:

CESC has claimed an amount of Rs. 39.70 Crores towards interest on loans. The details of interest on loans claimed by CESC are as follows:

TABLEð4.17

Interest on Loans - CESCõs Submission

Amount in Rs. Crs.

Particulars	FY14
Long term Loan outstanding as on 31.03.2013	301.38
Fresh Borrowings	172.19
Repayment	42.57
Long term Loan outstanding as on 31.03.2014	431.00
Interest on Loans	39.69

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 10.84%.

Commissionõs 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 filings as shown below:

TABLEð4.18

Allowable Interest on Loans ðFY14

Amount in Rs. Crs.

Particulars	FY14
Opening Balance Secured Loans	254.07
Opening Balance Unsecured Loans	47.31

Total opening balance of loans	301.38
Long term secured & unsecured loans	301.38
Add new Loans	172.19
Less Repayments	42.57
Total loan at the end of the year	431.00
Average Loan	366.19
Interest on long term loans as per audited accounts for FY14	39.69

Considering the average loan of Rs. 366.19 Crores and an amount of Rs39.69 Crores incurred towards interest on long term loans, the weighted average of interest works out to 10.84%.

Further, considering the actual capitalization of interest of Rs. 9.72 Crores as per audited accounts, the net amount of Rs.29.97 Crores is allowed towards interest on loan for FY14.

4.2.10 Interest on Working Capital:

CESC's Submission:

CESC has incurred and claimed an amount of Rs. 4.24 Crores towards interest on bank overdrafts and short term loans.

Commission's analysis and decisions:

As per audited accounts CESC has incurred an interest of Rs. 4.24 Crores on short term borrowings and bank overdraft 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	28.88
Opening GFA	1363.63
Stores, materials and supplies 1% of Opening balance of GFA	13.64
One -sixth of the Revenue	402.18
Total Working Capital	444.70
Rate of Interest (% p.a.)	11.75%
Normative Interest on Working Capital	52.25
Actual interest on WC as per audited accounts for FY14	4.24
Allowable Interest on Working Capital	28.25

The Commission decides to allow an amount of Rs. 28.25 Crores towards interest on working capital for FY14.

4.2.11 Interest on belated payment of power purchase cost:

CESC has claimed an amount of Rs.134.42 Crores towards interest on belated payment of power purchase cost. Since interest on working capital is being allowed separately as per the norms under the MYT Regulations, the claims on interest on belated payment of power purchase cost is not allowed.

4.2.12 Interest on Consumer Deposits:

CESC's Submission:

CESC has claimed an amount of Rs32.25 Crores towards payment of interest on security deposits for FY14.

Commission's analysis and decisions:

The Commission notes that, the interest on consumer deposits amounting to Rs.32.25 Crores claimed by CESC works out to a weighted average rate of interest of 8.50%. 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%. Hence, the Commission decides to allow an amount of Rs. 32.25 Crores claimed towards interest on consumer deposits for FY14.

4.2.13 Other Interest and Finance charges:

CESC has claimed an amount of Rs. 0.20 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.

Capitalization of Interest:

CESC has capitalized interest of Rs. 9.72 Crores during FY14. The Commission consider same for computation of APR for FY14.

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

TABLEð4.20
Allowable Interest and Finance Charges

Amount in Rs.Crs.

Sl. No.	Particulars	FY14
1.	Interest on Loan capital	39.69
2.	Interest on working capital	28.25
3.	Interest on consumer deposits	32.25
4.	Other interest and finance charges	0.20
5.	Less Interest capitalized	9.72
6.	Total interest and finance charges	90.67

4.2.14 Other Debits:

CESCõs Submission:

CESC, in its application has claimed an amount of Rs. 4.69 Crores towards other debits. The following is the details of other debits as per audited accounts for FY14 :

TABLEð4.21

Other Debits -CESCõs Submission

Amount in Rs. Crs.

Sl No	Particulars	FY14
1	Small and Low value items written off	0.04
2	Losses/gains relating to Fixed assets	0.41
3	Assets decommissioning cost	1.53
4	Bad debts written off / provision	1.90
5	Miscellaneous losses and write offs	0.81
	Total	4.69

Commissionõs analysis and decisions:

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

TABLEð4.22

Allowable Other Debits

Amount in Rs. Crs.

Sl No	Particulars	FY14
1	Small and Low value items written off	0.04
2	Losses relating to fixed assets	0.41
3	Assets decommissioning cost	1.53
4	Bad debts written off	(0.06)
5	Miscellaneous losses and write offs	0.81
	Total	2.73

An amount of Rs.1.96 Crores towards provision for bad and doubtful debts has not been considered as the same is yet to be decided for write off.

The Commission decides to consider an amount of Rs. 2.73 Crores as other debits for FY14.

4.2.15 Net Prior Period Charges:

CESCõs Submission:

CESC has claimed an amount of Rs. 202.94 Crores towards Net Prior Period Credits as detailed below:

TABLEð4.23

Net Prior Period Charges -CESCõs Submission

Amount in Rs. Crs.

Particulars	FY14
Credit relating to earlier years	235.84
Debit relating to earlier years	32.90
Net prior period credits	202.94

Commissionõs analysis and decisions:

As per the Audited Accounts for FY14, the prior period debit is Rs. 32.90 Crores on account of employee costs, A&G expenses and under provided depreciation of earlier years. Further the prior period credit is Rs235.84 Crores on account of excess depreciation and other expenses provided. This also includes an amount of Rs.126.69 Crores pertaining to additional subsidy of prior period accounted during the year. This amount has not been considered in the present APR as the same pertains to previous years which has already been factored in the earlier APR. Therefore, the allowable net prior period credits are worked out as under:

TABLE- 4.24

Net Prior period /Debits /Credit

Amount in Rs. Crs

Prior period debits	32.9
Prior period credits	-235.84
Net Credit	-202.93
Less Subsidy of previous years already account	126.69
Net Prior period credits	-76.24

Hence the Commission decides to allow a net prior period credit of Rs.76.24 Crores for FY14.

4.2.16 Return on Equity:

CESCõs Submission:

CESC has not claimed Return on Equity for FY14.

Commissionõs 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 Honõble ATE in Appeal N 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:

TABLEð4.25

Allowable Return on Equity

Amount in Rs. Crs.

Particulars	FY14
Paid Up Share Capital	157.30
Share Deposit	168.21
Reserves and Surplus	(666.85)
Less- Recapitalised consumer security deposit as networth	23.00
Total Equity	(364.34)
Approved RoE	0.00

Considering negative net worth of Rs.364.34 Crores, the Commission decides not to allow any Return on Equity for FY14.

4.2.17 Income tax :

As per the audited accounts, CESC has incurred an amount of Rs.7.00 Crores towards payment of income tax for FY14. The Commission decides to allow the actual income tax of Rs. 7.00 Crores for FY14.

4.2.18 Other Income:

CESCõs Submission:

As per the Annual Accounts, an amount of Rs. 25.09 Crores is shown as Other Income for FY14. Thisamount includes income from interest on fixed deposits, sale of scrap, excess provision of power purchase etc. withdrawn / written back, material cost varia tion and rent from staff quarters.

TABLE – 4.26

Other Income – CESC's Submission

Amount in Rs. Crs.

Particulars	FY14
Interest on Bank fixed deposits and other interest	2.71
Other non-operating income	
Profit on sale of scarp	1.20
Rent	2.02
Incentives received	12.36
Value of materials found excess during physical verification	0.18
Rebate at 0.5 % for collection of Electricity Duty	0.34
Miscellaneous	6.28
Total other income	25.09

Commission's analysis and decisions:

As decided in the Tariff Order dated 6th May, 2013, the Commission continues to allow 10% of the total incentive amounting to Rs.1.23 Crores on account prompt payment of power purchase to be retained by CESC for FY14. Thus after deducting the incentive of Rs. 1.23 Crores, the Commission decides to allow an amount of Rs. 23.86 Crores as other income for FY14.

Adjustment of Advance against Depreciation (AAD) as per 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. 14.92 Crores is 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. CESC has not claimed expenses under this provision separately and hence the Commission has not considered any allowable fund towards consumer relation / consumer education for FY14.

Revision of RoE for FY12 & FY13:

In accordance with the orders of the Honõble th September, 2014 in Appeal No.46/2014 the difference of RoE needs to be withdrawn on account of considering recapitalized security deposit of consumers as net worth fo r FY12 and FY13. Since there is negative net worth for FY12 & FY13, there will be no RoE to be factored in the APR for FY14.

4.3 Abstract of Approved ARR for FY1 4:

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

TABLEð4.27
Approved ARR for FY1 4 as per APR

Amount in Rs. Crs.

Sl. No	Particulars	As per APR
	Revenue at existing tariff in Rs Crs	
1	Revenue from tariff and Misc Charges	1534.09
2	RE Subsidy	879.00
3	Total Existing Revenue	2413.09
	Expenditure in Rs Crs	
4	Power Purchase Cost	1814.67
5	Transmission charges of KPTCL	235.65
6	SLDC Charges	1.59
7	Power Purchase Cost including cost of transmission	2051.91
8	Employee Cost	
9	Repairs & Maintenance	
10	Admin & General Expenses	
11	Total O&M Expenses	346.61
12	Depreciation	36.77
	Interest & Finance charges	
13	Interest on Loans	39.69
14	Interest on Working capital	28.25

15	Interest on belated payment on PP Cost	0.00
16	Interest on consumer deposits	32.25
17	Other Interest & Finance charges	0.20
18	Less interest capitalised	9.72
19	Total Interest & Finance charges	90.67
20	Other Debits	2.73
21	Net Prior Period Debit/Credit	-76.24
22	RoE	0.00
23	Provision for taxation	7.00
24	Funds towards Consumer Relations/Consumer Education	0.00
25	Other Income	23.86
26	ARR	2435.58
27	Adjustment of AAD as per Order dated 17.10.2013	14.92
28	Incentives / penalties for performance on distribution losses	3.11
29	Less- Excess RoE allowed in FY12 & FY13 ð Order of ATE 46/2014	0.00
30	Deficit for FY14	-10.69
31	Net ARR	2423.77

4.3.1 Gap in Revenue for FY14:

As against an approved ARR of Rs2544.43 Crores, the Commission after the Annual Performance Review of CESC decides to allow an ARR of Rs2423.77 Crores for FY14. Considering the actual revenue of Rs. 2413.09 Crores, there is a deficit of Rs.10.69 Crores for FY14.

The Commission therefore decides to carry forward the deficit of Rs. 10.69 Crores of 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 - CESC's Filing:

CESC 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	As filed
	Revenue at existing tariff in Rs Crs	
1	Revenue from tariff and Misc Charges	1816.58
2	Tariff Subsidy	1159.25
3	Total Existing Revenue	2975.83
	Expenditure in Rs Crs	
4	Power Purchase Cost	2343.95
5	Transmission charges of KPTCL	259.72
6	SLDC Charges	2.10
7	Power Purchase Cost including cost of transmission	2605.77
8	Employee Cost	357.35
9	Repairs & Maintenance	44.73
10	Admin & General Expenses	44.06
11	Total O&M Expenses	446.14
12	Depreciation	98.01
	Interest & Finance charges	
13	Interest on Loans	160.07
14	Interest on Working capital	22.38
15	Interest on belated payment on PP Cost	
16	Interest on consumer deposits	40.93
17	Other Interest & Finance charges	1.72
18	Less interest capitalised	15.00
19	Total Interest & Finance charges	210.10
20	Other Debits	6.69
21	Net Prior Period Debit/Credit	5.65
22	RoE	0.00
23	Provision for taxation	0.00
24	Funds towards Consumer Relations/Consumer Education	0.00
25	Other Income	27.66

26	ARR	3344.70
27	Deficit for FY14 carried forward	-15.61
28	Regulatory asset	-65.80
29	Carrying cost @ 12% on Regulatory asset of Rs.131.60Crs	-15.79
30	Net ARR	3441.90

CESC has requested the Commission to approve the revised Annual Revenue Requirement as stated above. Further, CESC 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. 466.07 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 CESC. Accordingly, the deficit of Rs.10.69 Crores is to be carried forward in to the ARR of FY16. As the current financial year 2014-15 is not yet complete, 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 Capex of FY16 :

The Commission in its tariff order dated 6th May, 2013 had approved a capex of Rs.317 Crores for FY16. In its filing, CESC has projected a revised capex of Rs.669 Crores.

CESC has stated that, keeping in view the implementation of RGGVY 12th plan, closing of RAPDRP, NJY works, SDP programme of GOK, replacement of Electromechanical meters by Static meters, providing infrastructure to regularized unauthorized IP Sets, it has revised its capex to Rs.700 Crores from the approved capex of Rs.378 Crores for FY15 and had sought the approval of the Commission. The Commission after reviewing the proposal of CESC for FY15 and taking note of the likely achievement of capital expenditure of Rs.455 Crores for FY15, as per the written submission of CESC, has approved additional capex of Rs.77 Crores to be spent over and above the earlier approved capex of Rs.378 Crores, totaling to Rs.455 Crores for FY15. Further, CESC has stated that, the spillover works of FY15 and additions made in the item-wise capex approved for FY16, has resulted in increased of proposed capex to Rs.669 Crores.

Some of the major changes in the proposed capex for FY16 are as under:

TABLEð5.2

Proposed Capex for FY16

Sl.No.	Details of Works	Amount in Crores
1	Niranthara Jyothi Yojana	150
2	Replacement of failed DTC	50
3	RGGVY (Restructured) and DDG	50
4	R-APDRP(APDRP)	75
5	Rural Electrification	75
6	Metering of DTC	100

The details of capex of Rs.669 Crores under various heads proposed for FY16 are shown below:

TABLEð5.3

Revised Proposal of capital investment for FY16

Amount in Rs.Crs.

Particulars		Approved for FY16	Revised for FY16
1	System Improvements works		
a.	HT	80.00	100.00*
b.	HVDS	20.00	-
2	N.J.Y	50.00	150.00
3	Replacement of Failed DTC	10.00	50.00
4	Service Connection	40.00	40.00
5	RGGVY (Restructured) + DDG	0.00	50.00
6	R- APDRP (APDRP)	50.00	75.00

7	Rural Electrification	10.00	75.00
8	TSP	3.00	5.00
9	SCP	10.00	10.00
10	Metering DTC	30.00	100.00
11	T & P	4.00	4.00
12	Civil	10.00	10.00
	Total	317.00	669.00

* Includes HVDS and residual UNIP works

Commissionõs analysis and decision:

It is seen from the above Table that, major changes as against the approved capex plan, are found in the following categories of works:

TABLEð5.4

Major changes in the proposed capex against approved capex

Amount in Rs. Crores

Sl No.	Schemes	Approved capex for FY16	Proposed Capex for FY16
1	Niranthara Jyothi Yojana	50	150
2	Replacement of failed DTC	10	50
3	RGGVY (Restructured) and DDG newly added	0	50
4	R-APDRP(APDRP)	50	75
5	Rural Electrification	10	75
6	Metering of DTC	30	100

It is observed from the above that, CESC has increased the capex by Rs.500 Crores, in respect of six schemes as compared to the earlier approved capex of Rs.150 Crores, which is more than three times the approved capex. CESC has not provided the status of the schemes as to whether the DPRs are approved, tendered and awarded so that, these works could be completed in the same financial year.

The past performance of capital expenditure from FY11 to FY14 of CESC indicates that it has achieved highest progress of 56% in FY14 as against the approved figures. The average achievement for the last four years has been only 41% of the approved capex. Further, during FY15, CESC has sought a revised capex of Rs.700 Crores as against the approved capex of Rs.378 Crores. However, CESC has indicated that it is likely to incur a capex of Rs.455 Cores. This would amount to only 65% of the proposed capex.

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

TABLEð5.5

Actual Capital Expenditure incurred for FY15 (till December 2014)

Amount in Rs.Crs.

Sl. No.	Schemes	Approved for FY 15	Actual Expenditure up to Decõ
1	E & I Works	70.00	37.74
2	NJY	125.00	38.47
3	R-APDRP	50.00	8.59
4	RGGVY(Restructured)+DDG	25.00	0.26
5	Replacement of failed Transformers	11.00	46.94
6	Service Connections	35.00	18.62
7	Rural Electrification(General)		
A	Electrification of Hamlets/HB/JC/KJ under RGGVY	5.00	35.01
B	Providing infrastructure to Irrigation Pump sets &energisation of IP SETS		
C	KutirJyothi(RGGVY)		
8	Tribal Sub Plan		
A	Electrification of Tribal Colonies (RGGVY)	3.00	3.00
B	Energisation of IP sets		
C	KutirJyothi (RGGVY)		
9	Special Component Plan		
A	Electrification of HB/JC/AC(RGGVY)	10.00	8.00
B	Energisation of IP sets		
C	KutirJyothi(RGGVY)		
10	Tools & Plants (Other works)	4.00	1.10
11	Civil Engineering Works	10.00	4.74
12	Providing Meters to DTC, BJ/KJ, IP Set, Street Light.	30.00	0.05
	Total	378.00	202.52

The Commission directs CESC 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 CESC is directed to indicate the manner of usage / disposal of the released meters.

Keeping in view the above facts, the Commission decides to retain the earlier approved capex of Rs.317 Crores for the purpose of ARR for FY16, subject to Prudence check to be conducted by the Commission during the APR. Further, if CESC needs any additional capex as indicated in its revised capex program during FY16, approval for the same shall be sought separately in due course. The Commission would look into the merits of such investments and decide on its allowance.

5.2.2 Sales Forecast for FY16:

CESC in its filing has proposed the quantum of sales at 5798.94 MU and the number of installations as 2865344. The Commission, in its preliminary observations, had noted that for LT-2(b), and HT -1categories the estimates are lower and for the categories LT-4(b), LT-4(c), LT-6 Street lights, LT-7, HT-3(a) and (b) and HT-4, the estimates are higher as compared to the normal growth trends in the recent past. Further, regarding the sales, the Commission had observed that for HT -1, HT-2(a) and HT -2(b) categories, the estimates are lower and for the categories LT -4(c) and LT-7, the estimates are higher as compared to the normal growth trends in the recent past years.

Regarding the number of installations, CESC in its replies, has stated that for LT2 (b), HT1 , LT4 (c), LT6 streetlights and LT7, higher of 3/5 year CAGR is considered and for LT 4 (b), HT3 (a) & (b) and HT4 lower of the same is considered.

CESC in its replies on the energy sales, has stated that, in case of HT2 (a) and HT2 (b), there is negative growth during first half of FY15 and in case of HT1 the growth is reduced during the same period and therefore, the growth rate is projected at 6.4%, 2% and 4.38% respectively for HT1, HT2 (a) and HT2 (b). In case of LT4 and LT7, it is stated that the growth rate during the first half of FY15 is higher even though the same is negative for FY13. As such, 3/5 years CAGR close to actual growth rate of FY15 is considered.

As regards energy sales, the Commission notes that, the half year growth rates may not truly represent the overall annual growth rate. Also, very low or high growth rates compared to the normal growth rates in a particular year may be outliers and therefore, past trends along with the factors influencing such trends need to be considered while forecasting the sales. Regarding the number of installations it is noted that for certain categories, higher of CAGR is considered and for others lower of CAGR is considered by CESC.

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

Commissionõs approach for estimating the nu installations and sales for FY16:

The methodology adopted by the Commission to estimate the number of installations and Sales to categories other than BJ/KJ and IP sets is discussed below:

1) Sales to categories other than BJ/KJ and IP Sets

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 CESC.

b. Wherever the number of installations estimated by CESC for FY16 is within the range of the estimates based on the CAGR for the period FY09 ðFY14 and for the period FY11 - FY14, the estimates of CESC are retained.

c. Wherever the number of installations estimated by CESC for FY16 is lower than the estimates based on the CAGRs for the period FY09 ð 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 CESC for FY16 is higher than the estimates based on the CAGRs for the period FY09 ð FY14 and for the period FY11 - FY14, the estimate based on the higher of the CAGRs are considered.

e. For LT4(b) and (c), LT-7 and HT-5 categories, the estimates of CESC are retained as the growth rate for this category varies from year to year.

f. For HT-2(c) category, the estimates of CESC 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 sets installations) estimated by the Commission works out to 2116296 numbers as against CESCõs estimates of 2116850.

ii) Energy Sales:

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

a. The base year sales for FY15 as estimated by CESC are being validated duly considering the actual sales upto November, 2014. Therefore, the revised sales estimate for FY15 of CESC is considered as the base year.

b. Wherever the energy sales estimated by CESC for FY16 is within the range of the estimates based on the CAGR for the period FY09 ð FY14 and for the period FY11 - FY14, the estimates of CESC are retained.

c. Wherever the energy sales estimated by CESC for FY16 is lower than the estimates based on the CAGRs for the period FY09 ðFY14 and for the period FY11 - FY14, the estimate based on the lower of the CAGRs are considered.

d. Wherever energy sales estimated by CESC for FY16 is higher than the estimates based on the CAGRs for the period FY09 ðFY14 and for the period FY11 - FY14, the estimate based on the higher of the CAGRs are considered.

However, the Commission has adopted the following approach to the categories mentioned below:

a. LT4(b) and (c),LT-7 and HT-5 categories, the estimates of CESC are retained as the growth rate for this category is inconsistent.

b. For HT-2(c) category, the estimates of CESC 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 3084.08 MU, as against CESC's estimate of 3031.93 MU.

2) 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 CESC for FY14 is as indicated below:

Particulars	No. of Installations	Consumption in MU	Specific consumption per installation per month (kWh)
Installations consuming less than 18 units	38 2515	33.37	7.27
Installations consuming more than 18 units and billed under LT2(a)	114297	43.72	31.88

By reckoning the number of installations as proposed by CESC, for installations consuming less than 18 units, the energy sales in FY16 would be 36.28 MU, with a specific consumption of 7.27 units per installation per month.

Further, the consumption pertaining to the remaining BJ/KJ installations consuming more than 18 units in FY16 works out to 45.52 MU [i.e. specific consumption of 31.88 units per installation per month], which is indicated separately.

ii) IP sets Sales:

The Commission had fixed the specific consumption as 8,195 units/ installation / annum for the control period of FY14 to FY16 by considering the presence of unauthorized IP Sets in the distribution system. As per the actual data of Sales to IP Sets during FY14, CESC has reported Sales of 2,349.01 MU and 2,84,965 numbers of IP Set installations, which translates into a specific consumption of 8,579 units / installation / annum. This means the specific consumption of IP Sets has increased by 384 units/installation/annum as against the figures approved by the Commission which can be attributed to extra hours of power supply to IP Sets and clear segregation of IP sets under NJY not being completed in CESC. However, the Commission has not considered the specific consumption reported by the CESC during FY14 for the purpose of projection of IP Set Sales in FY16. The Commission therefore decides to continue the specific consumption as 8,195 units / installation / annum for FY16.

It is noted that the number of IP Set installations projected by the CESC for FY16 in the present Tariff filing is 3,32,629 numbers taking into consideration of number of un-authorized IP sets to be regularized and the growth of installations. Hence, based on the estimated number of Installations for FY15 and FY16, the midyear number of installations is determined on the basis of which sales to IP Set consumers is indicated as below:

TABLEð5.6

Approved IP sets Sales

Particulars	As per filing by CESC	As approved by the Commission
No. of IP Set installations for FY 15	3,07,876	3,07,876
No. of IP Set installations for FY 16	3,32,629	3,32,629

Mid Year No. of Installations for FY 16	3,20,253	3,20,253
Specific consumption in units/ installation / annum	8,511	8,195
Sales in MU	2,725.89	2,624.47

As per the above discussion, the Commission hereby approves energy sales of 2,624.47 MU as against the CESC's 2,725.89 MU as projected 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, CESC has already segregated 132 numbers of agriculture feeders from rural loads under NJY scheme and in future the energy consumed by the IP sets could be more accurately measured at the 11 KV feeder level at the sub-stations after duly allowing for 11 KV and LT distribution system losses. The CESC is hereby directed to report the actual IP Set consumption only on the basis of data from energy meters installed on Agriculture feeder instead of assessing the IP Set consumption based on the readings obtained from energy meters fixed to DTCs feeding predominantly to IP Set loads. CESC is also directed to furnish feeder wise IP Set consumption based on feeder energy meter data to the Commission every month in respect of Agriculture feeders segregated under NJY from April, 2015 onwards.

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

TABLE-5.7

Approved Sales for FY16

Category	Sales for FY-16		No. of installation for FY-16	
	Approved MU	CESC's Estimated sales in MU	Approved Nos.	CESC's Estimated sales in Nos.
LT-2a*	959.55	957.29	1786571	1787156
LT-2b	7.37	7.38	2715	2666
LT-3	262.46	262.46	204744	204744
LT-4 (b)	1.17	1.17	218	218
LT-4 (c)	11.57	11.57	5765	5765
LT-5	137.80	137.80	35119	35119

LT-6	135.53	135.53	21559	21574
LT-6	90.66	90.70	19809	19809
LT-7	13.66	13.66	37983	37983
HT-1	438.07	438.06	128	126
HT-2 (a)	794.17	753.91	891	891
HT-2 (b)	127.16	117.49	569	569
HT2C	31.09	31.09	103	103
HT-3(a)& (b)	65.14	65.15	87	87
HT-4	7.75	7.75	28	33
HT-5	0.92	0.92	7	7
BJ/KJ	36.28	41.13	415865	415865
IP	2624.47	2725.89	332629	332629
Total	5744.83	5798.94	2864790	2865344

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

Thus the Commission decides to approve sales of 5744.83 MU for FY16.

5.2.3. Distribution Losses for FY16

CESCõs Submission:

As per the audited accounts for FY14, CESC has reported distribution loss of 14.73% as against an approved loss level of 15.50%. The Commission in its Tariff Order dated 6th May, 2013 has fixed the target level of loss for FY16 at 14.50%. CESC in its filing has proposed to achieve a loss level of 14.50% for FY16.

Commissionõs analysis and decisions:

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

TABLEð5.8

Approved & Actuals Distribution Losses ðFY10 ðFY14

Figures in %

Particulars	FY10	FY11	FY12	FY13	FY14
Approved Distribution losses	16.75	15.50	15.24	15.00	15.50

Actual distribution losses	17.35	16.42	16.20	15.07	14.73

From the above data, it is evident that CESC has been able to bring down its distribution loss levels from 17.35% in FY10 to 14.73% in FY14 i.e. a reduction by 2.62 percentage points. Further, it has proposed loss levels of 14.50% for FY16 which is 0.23% lower than the actual losses in FY14.

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

TABLEð5.9

Approved Distribution Losses for FY16

Figures in %

Particulars	FY16
Upper limit	15.00
Average	14.50
Lower limit	14.00

5.2.4 Power Purchase for FY16:

a. CESCõs Proposal:

In its application for revision of ARR for FY16, CESC has proposed power purchases of 7051.03 MU amounting to Rs.2605.77 Crores for FY16. The revised projections including the transmission and system operating charges is indicated in the following table.

TABLEð5.10

Consolidated revised projections filed by CESC

Source	Revised Projections for FY-16 as per filings		
	Energy in MU (Million Unit)	Total Cost (Crs)	Cost per Kwh (Rs/Kwh)
KPCL Hydel Stations (A)	1456.65	84.89	0.58
KPCL-Thermal Stations (B)	2139.80	846.25	3.95
Total	3596.45	931.14	2.59
CGS (C)	1532.23	593.06	3.87
Major IPPs (D)	970.15	416.53	4.29
Minor-IPPs (NCE Projects) (E)	659.42	250.91	3.81
Other States Projects (F)	21.26	7.41	3.49
Contingent Power purchases (Short term/Medium term/Exchange Purchases (G)	271.52	144.58	5.32
Transmission Charges (H)	0.00	259.72	0.00
System Operating Charges (I)	0.00	2.42	0.00
TOTAL	7051.03	2605.77	3.70

Commissionõs analysis and decision

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- 5.11

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 payment 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 short term/medium Term procurement 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 enable procurement of power at reasonable rates 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' vetted energy requirement of 62623.02 MU as indicated in the above table 5. 11, the available energy from individual sources for FY16 furnished by PCKL is assigned to each one 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 CESC from KPCL Generating stations, Central Generating Stations, Major IPPs, Minor IPPs, and Short term /medium term sources, for FY-16 is worked out and consolidated as under table:

TABLE- 5.12

Power Purchase for FY -16

Source	Capacity Share in MW	Energy Share in %	Energy in MU (Million Unit)	Fixed charges (Crs)	Energy charges (Crs)	Total Cost (Crs)	Cost per Kwh (Rs/Kwh)
KPCL Hydel Stations	426.07	14.70	1829.66	18.93	72.57	91.50	0.50
KPCL-Thermal Stations	529.72	8.98	1820.69	164.38	547.97	712.35	3.91
Total	955.79	11.15	3650.35	183.31	620.54	803.85	2.20
CGS	303.21	10.56	1516.65	103.26	362.47	465.73	3.07
Major IPPs	140.40	13.00	970.19	168.52	232.40	400.92	4.13
Minor -IPPs (NCE Projects)	0.00	10.20	666.72	0.00	238.81	238.81	3.58
Other States Projects	17.13	12.07	21.26	0.00	3.83	3.83	1.80

Contingent Power purchases (Short term/Medium term/Exchange Purchases	79.07	11.78	159.35	0.00	83.66	83.66	5.25
Transmission Charges	0.00	0.00	0.00	368.78	0.00	368.78	0.00
System Operating Charges	0.00	0.00	0.00	3.57	0.00	3.57	0.00
TOTAL	0.00	11.15	6984.51	827.45	1541.70	2369.15	3.39

Source wise approved power purchase of ESCOMs in total and of CESC for FY16 is shown in Annexure -1 and Annexure -2 respectively .

Any shortfall in the availability of energy beyond the above said approved 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 - ESCOM 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 and confirmed by them should be paid out of the subsidy to be released from Government in respect of the power supply made by ESCOMs to IP set consumers and directs ESCOMs 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 in future, there are no inter ESCOM payments outstanding in their accounts at the end of each year.

5.2.5 O & M Expenses:

CESCõs Proposal :

CESC in its filing has requested to allow O & M expenses of Rs.446.14 Crores for FY16 as follows:

TABLEð5.13

O&M Expenses - CESCõs Proposal

Amount in Rs.Crs.

Sl. No	Particulars	FY16
1	Repairs and Maintenance	357.35
2	Employee Cost	44.73
3	Administrative and General Expenses	44.06
	Total O&M expenses	446.14

Commissionõs 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 Rs355.27 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:

TABLEð5.14

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 FY14.
g) The inflation factor at 6.69% as computed above .
h) Efficiency factor at 2 % as considered in the earlier two control periods.

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

TABLEð5.15
Approved O & M Expenses for FY16

Amount in Rs.Crs.

Particulars	FY16
No. of Installations	2864790
Inflation based on 80% of CPI and 20% of WPI	6.69%
CGI based on 3 Year CAGR	4.12%
Actual O & M expenses for FY13	326.07

O&M expenses for FY16	409.15

Thus, the Commission decides to approve O&M expenses of Rs. 409.15 Crores for FY16.

5.2.6 Depreciation:

CESC has claimed depreciation of Rs. 98.01 Crores for FY16. The depreciation projected by CESC for FY16 is as follows:

TABLEð5.16

Depreciation for FY16 ðCESCõs Proposal

Amount in Rs.Crs.

Particulars	FY-16
Opening Gross Fixed Asset (GFA)	2166.04
Add: Additions during the year	577.37
Less:Retirement of assets	45.00
Closing GFA	2698.41
Net Depreciation for FY16	98.01

Commissionõs 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 CESC in its filing.
c) The depreciation on account of assets created out of consumer contribution / subsidies are considered as proposed by CESC.

Accordingly, the depreciation for FY16 is as follows:

TABLEð5.17

Approved Depreciation for FY16

Amount in Rs. Crs

Particulars	FY16
Buildings	2.56
Civil	0.12
Other Civil	0.06
Plant & M/c	27.01
Line, Cable Network	78.14
Vehicles	0.05
Furniture	0.23
Office Equipments	0.34
Depreciation	108.18
Less depreciation on assets created out of grants and consumer contribution	33.20
Net Depreciation - FY16	74.98

Since the Depreciation withdrawn on account of assets created by Consumer contribution/ grants is not factored in the depreciation computation, based on the opening balance, projected addition of assets on account of grants and consumer contribution, the Commission decides to determine the depreciation on such assets at the weighted average rate of depreciation. Accordingly, an amount of Rs.33.20 Crores is deducted from total depreciation of Rs.108.18 Crores.

Thus, the Commission decides to approve an amount of Rs. 74.98 Crores towards depreciation for FY16.

5.2.7 Interest and Finance Charges:

CESC has claimed Interest and Finance charges of Rs. 210.10 Crores for FY16 as follows:

TABLEð5.18

Interest and finance charges for FY16- CESCõs Proposal

Amount in Rs.Crs.

Particulars	FY16

Interest on Loans	160.07
Interest on Working Capital	22.38
Interest on Consumers Deposit	40.93
Other Interest & Finance Charges	1.72
Less Interest and other expenses capitalised	15.00
Total Interest & Finance Charges	210.10

5.2.8 Interest on Loans:

CESC has requested the Commission to approve interest on loans of Rs160.07 Crores for FY16. The data as per Format D9 are as follows:

TABLEð5.19

Interest on Loan for FY16 ðCESCõs Proposal

Amount in Rs.Crs.

Particulars	FY16
Opening balance of loans	885.02
Addition of new loans	535.00
Less repayment	208.13
Closing balance of loans	1211.89
Interest on loan	160.07

Commissionõs Analysis and Decision:

As per APR of FY14, CESC had incurred weighted average rate of interest of 10.84% on long term loans. The proposed interest of Rs .160.07 Crores on the projected average loan of Rs. 1048.46 Crores results in a weighted average rate of interest of 15.27%. The Commission has considered new loans of Rs.221.90 Crores which is 70% of the proposed capex of Rs. 317.00 Crores for the purpose of computing interest on new loans. Further, the Commission has considered weighted average rate of interest as per actuals in FY14 for existing loans in FY16 and normative interest of 12% per annum for new loans in FY16.

The ap proved interest on loans for FY16 is as follows:

TABLEð5.20

Approved Interest on Loans for FY1 6

Amount in Rs. Crs

Particulars	FY16
Opening balance of Loans	694.62
Add new Loans	221.90
Less Repayments	87.95
Total loan at the end of the year	828.57
Average Loan	761.60
Approved Interest on long term loans	83.84

Hence, the Commission decides to approve an amount of Rs.83.84 Crores towards interest on loans for FY16.

5.2.9 Interest on Working Capital:

CESC, as per format D9, has claimed interest on working capital of Rs22.38 Crores for FY16.

Commissionõs 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 months' 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–5.21

Approved Interest on Working Capital for FY16

Amount in Rs. Crs

Particulars	FY16
One-twelfth of the amount of O&M Exp.	34.10
Opening GFA	2166.03
Stores, materials and supplies 1% of opening balance of GFA	21.66
One-sixth of the Revenue	485.98
Total Working Capital	541.74
Rate of Interest (% p.a.)	11.75%
Interest on Working Capital	63.66

The Commission decides to approve interest on Working capital at Rs.63.66 Crores for FY16.

5.2.10 Interest on Consumer Deposit:

CESC in its filing has claimed an amount of Rs. 40.93 Crores for FY16.

TABLE–5.22

Interest on Consumer Deposits – CESC's Proposal

Amount in Rs .Crs

Particulars	FY16
Consumer deposits at the beginning of FY16	437.73
Consumer deposits addition during the year	43.78
Consumer deposits as at the end of the year FY16	481.51
Rate of Interest at bank rate to be allowed as per regulations	8.90%
Interest on Consumer Deposits	40.93

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–5.23

Approved Interest on Consumer Deposits for FY16

Amount in Rs. Crs

Particulars	FY16
Average consumer deposits for FY16	459.62
Rate of Interest at bank rate to be allowed as per regulations	8.75%
Approved Interest on Consumer deposits	40.22

Thus the Commission decides to approve an amount of Rs. 40.22 Crores as interest on consumer deposits for FY16.

5.2.11 Other Interest and Finance Charges:

CESC has claimed an amount of Rs. 1.72 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 consider the same for the purpose of ARR.

5.2.12 Interest and other expenses Capitalised

CESC has claimed an amount of Rs15.00 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:

TABLEð5.24

Approved Interest and finance charges for FY16

Amount in Rs.Crs.

Particulars	FY16
Interest on Loans	83.84
Interest on Working Capital	63.65
Interest on Consumers Deposits	40.22
Other Interest & Finance Charges	1.72
Less Interest & other expenses capitalised	15.00
Total Interest & Finance Charges	174.43

5.2.13 Return on Equity:

CESC in its filing has not claimed the RoE for FY16.

Commissionõs analysis and decision:

For the purpose of computing the RoE, the Commission has considered the actual amount of share capital, share deposits 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. The approved Return on Equity for FY16 is computed as follows:

TABLEð5.25

Computation of RoE for FY16

Amount in Rs. Crs

Particulars	FY16
Paid Up Share Capital	546.92
Share Deposit	133.08
Less Recapitalised consumer security deposit as networth	100.00
Reserves and Surplus	(589.21)
Total Equity	(9.22)
Approved RoE with MAT (19.377%)	0.00

Considering the negative networth of Rs.9.22 Crores as at the beginning of the year, the Commission decides not to allow any return on equity for FY16.

Further, in compliance to the Order of the Honõble ATE in appeal 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:

TABLEð5.26
Debt and Equity Component of GFA ðFY16

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	1642.28	694.62	-356.74	1149.60	492.68	42.30%	Negative
Closing balance	2693.73	828.57	-356.74	1885.61	808.12	30.76%	Negative

From the above table it is evident that the estimated debt is 30.76% as against normative debt of 70% on closing balance of GFA. Also the estimated equity (networth) is negative as against normative equity of 30%. Hence, the RoE on equity (Networth) has not been allowed 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:

CESC has indicated an amount of Rs.27.66 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. Based on the actual other income reported in the audited accounts for FY14, the Commission decides to approve an amount of Rs. 30.00 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 CESC 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 CESC to furnish 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:

TABLEð5.27

Approved consolidated ARR for FY1 6

Amount in Rs.Crs.

Sl. No	Particulars	Revised approved
	Revenue at existing tariff in Rs Crs	
1	Revenue from tariff and Misc Charges	1807.45
2	Tariff Subsidy	1108.50
3	Total Existing Revenue	2915.95
	Expenditure in Rs Crs	
4	Power Purchase Cost	2062.88
5	Transmission charges of KPTCL	303.02
6	SLDC Charges	3.25
7	Power Purchase Cost including cost of transmission	2369.15
8	Employee Cost	
9	Repairs & Maintenance	
10	Admin & General Expenses	
11	Total O&M Expenses	409.15
12	Depreciation	74.98
	Interest & Finance charges	
13	Interest on Loans	83.84
14	Interest on Working capital	63.66
15	Interest on belated pay ment on PP Cost	
16	Interest on consumer deposits	40.22
17	Other Interest & Finance charges	1.72
18	Less interest capitalised	15.00
19	Total Interest & Finance charges	174.43
20	Other Debits	0.00
21	Net Prior Period Debit/Credit	0.00
22	RoE	0.00
23	Provision for taxation	0.00
24	Funds towards Consumer Relations/Consumer Education	0.50
25	Other Income	30.00
26	ARR	2998.21
27	Deficit for FY14 carried forward	-10.69
28	Regulatory asset	-65.80
29	Net ARR	3074.70

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

The following is the ratio of item of expenditure adopted for Segregation of ARR into ARR for Distribution Business and ARR for Retail Supply Business

TABLEð5.28

Approved Segregation of ARR

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

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

TABLEð5.29

APPROVED REVISED ARR FOR DISTRIBUTION BUSINESS

Amount in Rs.Crs.

Sl. No	Particulars	FY16
1	O&M Expenses	208.67
2	Depreciation	62.98
3	Interest & Finance Charges	
4	Interest on Loan Capital	83.84
5	Interest on Working Capital	15.60
6	Interest on Consumer Deposits	0.00
7	Other Interest & Finance Charges	1.72
8	Less: Interest & other expenses capitalised	15.00
9	Total	357.81
10	ROE	0.00
11	Other Income	0.60
12	NET ARR	357.21

TABLEð5.30

APPROVED REVISED ARR FOR RETAIL SUPPLY BUSINESS

Amount in Rs.Crs.

Sl. No	Particulars	FY16
1	Power Purchase including Transmission and SLDC charges	2369.15
2	O&M Expenses	200.49
3	Depreciation	12.00
4	Interest & Finance Charges	
5	Interest on Loan Capital	0.00
6	Interest on Working Capital	48.05
7	Interest on Consumer Deposits	40.22
8	Total	2669.90
9	ROE	0.00
10	Other Income	29.40
11	Fund towards Consumer Relations / Consumer Education	0.50
12	NET ARR	2641.00

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. 334.55 Crores in respect of CESC for FY15. Out of this, an amount of Rs. 202.95 Crores was built into the revised tariff for FY15. The remaining uncovered gap of Rs. 131.60 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. 10.69 Crores of unfilled revenue gap for FY14 is also to be added to the above gap of Rs.131.60 Crores for being recovered in the coming financial years. Considering the approved ARR for FY16 at Rs.2998.21 Crores and the estimated revenue at the existing tariff of Rs.2915.95 Crores, the gap in revenue for FY16 will be Rs.82.26 Crores. Thus, the total gap in revenue in FY16 amounts to Rs.224.55 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. 224.55 Crores to be recovered in the two years of FY16 and FY 17 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 Rs103.34 Crores in the case of CESC. The tariff at the rate as determined for FY16 will be approximately adequate to recover the remaining unfilled gap of Rs. 121.21 Crores during FY17.

Further, the Commission while reviewing the prudence of capital investment for FY1 3 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 ð14	0.80
	TOTAL	0.80

Thus the Regulatory Asset to be carried forward for FY17 will be Rs.120.41 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. 103.34

Crores. The net ARR and the gap in revenue for FY16 are shown in the following table:

TABLE‑5.31
Revenue gap for FY16

Particulars	FY16
Net ARR including carry forward gap of FY14 (in Rs. Crores)	3074.70
Approved sales (in MU)	5744.83
Average cost of supply for FY16 (in Rs./unit)	5.35
Revenue at existing tariff (in Rs. Crores)	2915.95
Gap in revenue for FY16 (in Rs. Crores)	158.75
Regulatory asset to be recovered in FY17 (in Rs. Crores)	120.41
Balance revenue gap to be collected by revision of tariff for FY16 (in Rs. Crores)	103.34
Average cost of supply for FY16 (in Rs./unit) (Without Regulatory Asset)	5.26

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.103.34 Crores.

CHAPTER – 6

DETERMINATION OF TARIFF FOR FY16

6.0 CESC's Proposal and Commission's Analysis for

6.1 Tariff Application

As discussed in the preceding Chapters, CESC has projected an unmet gap in revenue of Rs. 466.07 Crores for FY16. In order to bridge this gap in revenue, CESC, 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 greater. As a result the system of cross subsidy continues. However, the Commission has taken due care to progressively bring down the cross subsidy levels as envisaged in the Tariff Policy of the Government of India dated 6th January, 2006.

b) Average cost of supply:

The Commission has been determining the retail supply tariff on the basis of the average cost of supply. The KERC (Tariff) Regulations, 2000 require the licensees to provide details of embedded cost of electricity voltage / 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 to carry forward the gap in revenue of FY14 to the ARR of FY16. Further, the Commission has decided to set aside Rs. -120.41 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 in Rs. Crs.

Particulars	Amount
Approved Net ARR for FY16 including gap of FY14	3074.70
Revenue at existing tariff	2915.95
Surplus / deficit	(158.75)
Carried forward Regulatory Asset of FY15 proposed to be collected in FY17.	65.80
Total Deficit at the end of FY16.	(224.55)
Additional Revenue to be realised by Revision of Tariff	103.34
Disallowances for imprudent expenditure	0.80
Regulatory Asset set aside for FY17 including the Regulatory Asset of FY15.	(120.41)

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 CESC and as approved by the Commission are as follows:

1. LT-1 BhagyaJyothi

The existing tariff and the tariff proposed are given below:

Sl. No	Details	Existing as per 2014 Tariff Order	Proposed by CESC
1	Energy Charges (including recovery towards service main charges)	511 paise / unit Subject to a monthly minimum of Rs. 30 per installation per month.	591 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 Rs5.26 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
526paise 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. 5.26 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 light point being used, it shall be billed as per Tariff Schedule LT 2(a).

2. LT2 (a) Domestic Consumers:

CESC's Proposal :

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

Proposed Tariff for LT-2 (a)

LT-2 a (i) Domestic Consumers Category

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

Details	**Existing as per 2014 Tariff Order**	Proposed by CESC
Fixed Charges per Month	For the first KW Rs.25	For the first KW Rs.25
	For every additional KW Rs.35	For every additional KW Rs.35
Energy Charges 0-30 units (life line Consumption)	0 to 30 units 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 CESC
Fixed Charges per Month	For the first KW Rs.15	For the first KW Rs.15
	For every additional KW Rs.25	For every additional KW Rs.25
Energy Charges 0-30 units (life line Consumption)	0 to 30 units 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 Rs25/-
	For every additional KW Rs35/-
Energy Charges up to 30 Units per Month (0-30 Units)-life line consumption.	Upto 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 Rs15/-
	For every additional KW Rs. 25/-
Energy Charges up to 30 units per Month (0-30 Units)-Lifeline Consumption	Upto 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 & Private Hospitals and Nursing Homes:

CESCõs Proposal:

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

LT 2 (b) (i) Private and Professional Educational Institutions & Private Hospitals and Nursing Homes:

Applicable to all areas coming under Urban Local Bodies including Municipal Corporations

Details	Existing as per 2014 Tariff Order	Proposed by CESC
Fixed Charges per Month	Rs.35 Per KW subject to a minimum of Rs.65 per month	Rs.35 Per KW subject to a minimum of Rs.65 per month
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) Private & Professional Educational Institutions & Private Hospitals and Nursing Homes:

Applicable in Areas under Village Panchayats

Details	Existing Tariff	Proposed by CESC
Fixed Charges per Month	Rs.25 Per KWsubject to a minimum of Rs.50 per Month	Rs.25 Per KWsubject to a minimum of Rs.50 per Month
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

Commissionõs 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	Rs35 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. LT-3 Commercial Lighting, Heating & Motive Power

CESC's Proposal:

The existing and proposed tariff are as follows:

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

Applicable in areas under all Urban Local Bodies including City Municipal Corporations

Details	Existing as per 2014 Tariff	Proposed by CESC

	Order	
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 CESC
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 CESC
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 725paise 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 CESC
Fixed Charges per Month	Rs.45 per KW	Rs.45 per KW
Energy Charges	For the first 50 units 625paise 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

Commissionõs 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 Corporations and areas coming under other Urban Local Bodies

(ii) Areas under Village Panchayats

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

Applicable to areas under all Urban Local Bodies including Municipal Corporations

Details	Approved by the Commission

Fixed Charges per Month	Rs. 40per 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. <u>LT4 Irrigation Pump Sets:</u>

CESC's Proposal:

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

LT-4 (a) Irrigation pump sets

Applicable to IP sets upto and inclusive of 10 HP

Details	Existing as per 2014 Tariff Order	Proposed by CESC
Fixed Charges per Month	Nil	Free (In case GoK does not release the subsidy in advance, CDT of 495 paise per unit will be demanded and collected from consumers)
Energy Charges	CDT 415 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 upto and inclusive of 10 HP is being borne by the GoK through tariff subsidy. In view of this all the categories under the existing LT-4a tariff are covered under free supply of power.

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

Approved CDT for IP Sets for FY16

Particulars	CESC
Approved ARR in Rs.crore	3074.70
Revenue from other than IP & BJ/KJ in Rs.crore	1844.64
Amount to be recovered from IP & BJ/KJ in Rs.crore	1174.65
Regulatory Asset Rs. In Crs	55.41
Approved Sales to BJ/KJ in MU	36.28
Revenue from BJ/KJ at Average Cost of Supply in Rs.crore	19.09
Amount to be recovered from IP Sets category in Rs.crore	1155.56
Approved Sale to IP Sets in MU	2624.47
Commission Determined Tariff (CDT) for IP Sets Category for FY16 in Rs/unit	4.40

Accordingly, the Commission decides to approve tariff of Rs.4.40 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.4.40 per unit shall be demanded and collected from these consumers.

Approved by the Commission

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

Details	Approved by the Commission
Fixed Charges per Month	**Free***
Energy Charges	
CDT (Commission Determined Tariff): 440 paise per unit	

* In case the GoK does not release the subsidy in advance, a tariff of Rs 4.40 per unit shall be demanded and collected from these consumers.

PAYMENT OF SUBSIDY BY GOVERNMENT OF KARNATAKA FOR FY16:

CESC's ARR for FY16 approved by the Commission includes estimated revenue of Rs.1155.56 Crores to be obtained against supply of 2624.47 MUs of power to 332629 IP sets at the Commission determined tariff of Rs.4.40 per unit. This amount is to be released by the Government of Karnataka as subsidy in view of the Govern
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 CESC's compliance with the requirement of assessing IP Set consumption and carrying out energy auditing as specified below.

CESC 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 CESC the amount of subsidy to be linked to the compliance of the following during FY16 shall be Rs.115.56 Crores.

CESC 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:

CESC'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 CESC
Fixed Charges per Month	Rs. 30per HP	Rs. 30 per HP
Energy Charges	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 CESC
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 CESC
Fixed Charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy Charges	215 paise per unit	295 paise per unit

Approved Tariff:

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

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

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	Rs20 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	Rs30 per HP per Month.
Energy Charges	240 paise/unit

6. <u>LT5 Installations-LT Industries:</u>

CESCõ s P r o p o s a l

The existing and proposed tariffs are given below:

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

i) Fixed charges

Details	Existing as per 2014 Tariff Order	Proposed by CESC
Fixed Charges per Month	i)Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv)Rs. 100 per HP for 67 HP & above	i) Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv)Rs. 100 per HP for 67 HP & above

ii) Demand based Tariff (optional)

Details	Description	Existing Tariff as per 2014 Tariff Order	Proposed by CESC
Fixed Charges	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand	Rs. 45 per KW of billing demand

per Month	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 CESC
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	(+) 125 paise per unit

Commissionõs Views/Decisions

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 shops hitherto 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 BESCOM 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) Rs25 per HP for 5 HP & below ii) Rs 30 per HP for above 5 HP & below 40 HP iii) Rs35 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	Rs45 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. 150per 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. <u>LT6 Water Supply Installations and Street Lights</u>

CESCõ 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 CESC
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 CESC
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 water supply installations 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 :

CESC's Proposal:

The existing rate and the rate proposed are given below:

Temporary Supply

Details	Existing tariff as per 2014 Tariff Order	Proposed by CESC
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. 175 per KW of the sanctioned load.

Commission's Views/Decision

As decided in the previous Tariff Order dated 12th May 2014, 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 LT-7 category as follows:

APPROVED TARIFF SCHEDULE-LT7(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 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) 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) and HT2 (b) and HT2 (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

CESCõs Proposal:

The Existing and the Proposed tariff

Sl. No.	Details	Existing tariff as per 201 4 Tariff Order	Proposed by CESC
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	(+) 125 Paise per unit

Commissionõs Views/Decision

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

Details	**Tariff approved by the Commission**
Demand Charges	Rs180 / kVA of billing demand / Month
Energy Charges	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) ðHTIndustries & HT 2(b) ðHT Commercial

CESCõ s Proposal :

Existing and proposed tariff ïHT ï2 (a) - HT Industries

Applicable to all areas of CESC

Details	Existing tariff as per Tariff Order 2014	Proposed by CESC
Demand Charges	Rs.170 / kVA of billing demand / Month	Rs. 170 / kVA of billing demand / Month
Energy Charges (iii) For the first one lakh units (iv) For the balance units	 570 paise per unit 600 paise per unit	 650 paise per unit 680 paise per unit

Railway traction and Effluent Plants

Details	Existing tariff as per Tariff Order 2014	Proposed by CESC
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 10.00 Hrs	+125 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 125 Paise per unit

Commissionõs Views/Decision

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

Approved Tariff for HT ð2 (a)

Applicable to all areas of CESC

Details	Approved Tariff
Demand Charges	Rs.170 / kVA of billing demand / Month
Energy Charges	
For the first one lakh units	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	555 paise / unit for all the units

12. HT-2 (b) HT Commercial

CESCõ s Proposal :

Existing and proposed tariff for HT ð2 (b) -HT Commercial

Applicable to all areas o f CESC

Details	Existing tariff as per Tariff Order 2014	Proposed by CESC
Demand Charges	Rs. 190 / kVA of billing demand / Month	Rs. 190 / kVA of billing demand / Month
Energy Charges		
(i) For the first two lakh units	715 paise per unit	795 paise per unit
(ii)For the balance units	745 paise per unit	825 paise per unit

Proposed ToD Tariff to HT-2(b)

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 10.00 Hrs	(+) 125 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 125 paise per unit

Commissionõs Views/Decision

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

Approved tariff for HT ð2 (b) - HT Commercial
Applicable to all areas o f CESC

Details	Tariff approved by the Commission
Demand Charges	Rs190 / 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 ð2 (c) ðApplicable to Hospitals and Educational Institutions:

Existing and proposed tariff for HT ð2 (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 CESC
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 ð2 (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 CESC
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

Commissionõs Views / Decision

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

Approved tariff for HT ð2 (c) (i)

Applicable to Government Hospitals, Hospitals run by Charitable Institutions, ESI Hospitals, 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 ð2 (c) (ii) -

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

Details	Tariff approved by the Commission
Demand Charges	Rs170 / 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	(-)125paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+)100paise per unit

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

CESCõs Proposal :

Existing and proposed tariff for HT ð3 (a) ðLift Irrigation Schemes are given below

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

Details	Existing tariff as per Tariff Order 2014	Proposed charges by CESC
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 CESC
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 Pvt. 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 CESC
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 approved Tariff is as follows: -

Approved tariff for HT 3 (a) (i)

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

Energy Charges / Minimum Charges	170 paise/ unit subject to an annual minimum of Rs. 1000 per HP / annum

Approved tariff for HT 3 (a) (ii)

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

Fixed Charges	Rs30/ HP / Month of sanctioned load
Energy Charges	170 paise / unit

Approved tariff for HT 3 (a) (iii)

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

Fixed Charges	Rs10 / 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:

CESCõ s Proposal :

The existing and the proposed tariff are as given below:

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

Details	Existing tariff as per Tariff Order 2014	Proposed tariff by CESC
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 for this category as indicated below:

Approved Tariff

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

Details	Approved Tariff
Energy Charges / minimum Charges	370 paise / unit subject to an annual minimum of Rs.1000 per HP of sanctioned load

15. HT4- Residential Apartments/ Colonies

CESC's Proposal:

The existing and proposed tariff for this category are as follows:

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

Details	Existing tariff as per Tariff Order 2014	Proposed tariff by CESC
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 CESC

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

16. TARIFF SCHEDULE HT-5

CESC's Proposal:

The existing and proposed tariff for this category are as follows :

HT –5 – Temporary supply

67 HP and above :	Existing	Proposed
Fixed Charges / Demand Charges	Rs.210/HP/month for the entire sanction load / contract demand	Rs.210/HP/month for the entire sanction load / contract demand
Energy Charge	900 paise / unit (weekly minimum of Rs.160/- per KW is not applicable)	980 paise / unit (weekly minimum of Rs 160/- 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 excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation and power projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

Approved Tariff for HT – 5 – Temporary supply

67 HP and above :	Approved Tariff
Fixed Charges / Demand Charges	Rs210 /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

CESC in their tariff petition has referred to the Commission Order dated 4.7.2014 in the matter of Wheeling & Banking charges for RE sources and Order dated 11.7.2008 and has not considered the subsequent Orders dated 12th September 2014 on WB charges and orders dated 8th July 2014 and 21st November 2014 on WB agreements. Further, in the Order dated 4.7.2014, the Commission has discontinued the differential UI charges payable, to account for the difference in power purchase cost between the time of injection and drawal, for both existing as well as new projects utilizing the Banking facility, which is also not stated by CESC.

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 CESC Area:

The allocation of the distribution network costs to HT and LT networks for determining wheeling charges is done in the ratio of 30:70, as was being done earlier. Based on the approved ARR for distribution business, the wheeling charges to each voltage level is worked out as under:

TABLEð6.3

Wheeling Charges

Distribution ARR -Rs. Crs	357.21
Sales-MU	5744.83
Wheeling charges - paise/unit	62.18
	Paise/unit
HT-network	18.65
LT-network	43.53

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

Loss allocation	% loss
HT	4.70
LT	8.30

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

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

paise/unit

Injection point → / Drawal point ↓	HT	LT
HT	19[4.70%]	63[13.00%]
LT	63[13.00%]	44[8.30%]

Note: Figures in brackets are applicable loss

The wheeling charges as determined above are applicable to all the open access/wheeling transactions for using 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 ESC 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 & CESCõs network and 1 units is injected, then at the drawal point the consumer is entitled for 83.69 units, after accounting for Transmission loss of 3.80% &CESC loss of 13.00%.

The Transmission charge in cash as determined in the Transmission Tariff order shall be payable to KPTCL & Wheeling charge of 63 paise per unit shall be payable to CESC. In case more than one ESCOM is involved the above 63 paise shall be shared by all ESCOMs involved.

iii. If ESCOMsõ network only is used, the Wh 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 BES rk & drawal at CESCõs network, and 100 units is injected, consumer is entitled for 87.0 units, after accounting CESCõs 13.00%.

The Wheeling charge of 63 paise per unit applicable to CESC shall be equally shared between CESC& BESCOM.

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:**

i) Cross subsidy surcharge:

CESC In its tariff petition has proposed the Cross Subsidy surcharge as indicated below:

Paise/unit

Voltage Level	HT-2a	HT-2b	HT-2C	HT-4	HT-5
66KV & above	59	225	94	14	489
HT level-11KV/33KV	37	203	72	0	467

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	117.01	-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 subs idy 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 order are applicable to all open access/wheeling transactions in the area coming under CESC.

The Commission directs the Licensees to account the transactions under open access separately. Further, the Commission directs the Licensees to carry forward the amount realized under Open Access/wheeling to the next ERC, as it is an additional income to the Licensees.

Renewable Purchase Obligation :

In their filing CESC has stated that it has met Non-solar RPO in FY-14 and regarding Solar RPO has requested to allow CESC to carry forward the solar RPO for the period FY12 - FY15 to FY16. It is also stated that cost towards REC is allowed in advance, in the Tariff Order, the amount would be utilized by CESC to purchase RECs.

The Commission is taking up the matter of RPO separately. However, if CESC incurs any cost towards meeting its RPO obligation either in the form of purchase of renewable energy or purchase of RECs, the same would be allowed by the Commission while truing up.

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 2 010, 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.

vi) Power Factor

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

The Com mission 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 and 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 ... WP 18215/2007.

Cross Subsidy Levels for FY16:

The Hon'ble Appellate Tribunal for Electric... th 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 ±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 BESCOM, is Indicated in ANNEXURE - III of this Order. It is the Commissionõs endeavor to reduce the cros
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 o n 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 al so 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. 3074.70 Crores for FY16 as against CESC’s proposed ARR of Rs. 3241.90 Crores which includes the deficit for FY14 of Rs. 15.61 Crores and 50% of the Regulatory Asset with interest of Rs. 65.80 Crores with a total gap in revenue of Rs.466.07 Crores.

- The revenue gap as worked out by the Commission is Rs. 158.75 Crores inclusive of the deficit of Rs.10.69 Crores for FY14 and Regulatory Asset of Rs.65.80 Crores.

- The Commission has allowed additional revenue of Rs. 103.34 Crores on Tariff Revision as against the additional revenue of Rs. 466.07 Crores proposed by CESC for FY16.

- CESC 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) ðwater supply category.

- The surveillance cameras at traffic locations installed by Government are included in the LT6 (b) ðStreet 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. Howe ver, 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 su pply 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 Commissionõs Order

1. In exercise of the powers conferred on the Commission under Sections 62, 64 and other provisions of the Electricity Act, 2003, the Commission hereby determines and notifies the distribution and retail supply tariff of CESC for 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/-	Sd/-	Sd/-
(M.R.Sreenivasa Murthy)	(H.D. Arun Kumar)	(D.B. Manival Raju)
Chairman	Member	Member

SL No.	Sources		Power Purchase for FY -16 (TOTAL OF ALL ESCOMs)				Annexure -1
		Energy Share in %	Allowed Energy in MU	Fixed charges (Crs)	Energy charges (Crs)	Total Cost (Crs)	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 TPS1-I-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),TBDPS2 (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

Sl no	Source	Annexure -2					
		Power Purchase for FY -16 (CESC)					
		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		1113.99	4.15	28.91	33.06	0.30
a	Sharavathi Generating Station (10x103.5)	18.75	991.66	2.16	20.77	22.93	0.23
b	Linganamakki (2x27.5)	11.70	29.94	0.07	0.68	0.75	0.25
c	Gerusoppa (4x60)	11.70	67.20	1.67	5.75	7.42	1.10
d	MGHE-Jog {(4x21.6)+(4x13.2)}	11.70	25.20	0.25	1.72	1.97	0.78
2	Kalinadi Hydro Electric Project		468.29	3.53	24.47	28.01	0.60
a	Supa Dam Power House (2x50)	11.70	60.64	0.14	1.62	1.77	0.29
b	Nagajari Power House {(5x150)+(1x135)}	11.70	322.66	1.28	13.52	14.80	0.46
c	Kadra Dam (3x50)	11.70	43.88	1.30	5.33	6.64	1.51
d	Kodasalli Dam (3x40)	11.70	41.11	0.81	3.99	4.80	1.17
3	Varahi Hydro Projects		128.26	4.99	8.48	13.47	1.05
a	Varahi 1 & 2 (2x115)	11.70	125.26	0.91	8.18	9.09	0.73
b	Varahi 3 & 4 (2x115)		0.00	4.04	0.00	4.04	
c	Mani Dam Power House (2x4.5)	11.70	3.00	0.04	0.30	0.34	1.13
4	Ghataprabha River Basin Project (GDPH) (2x16)	11.70	11.12	0.17	0.91	1.08	0.97
5	Krishna River Basin Project		57.33	5.44	4.67	10.11	1.76
a	Almatti Dam Power House {(1x15)+(5x55)}	11.70	57.33	5.44	4.67	10.11	1.76
6	Bhadra River Basin Project		7.48	0.10	1.74	1.84	2.46
a	Bhadra Right Bank (7.2+6)	11.70	2.52	0.03	0.59	0.62	2.48
b	Bhadra Left Bank {(2x12)+(1x2)}	11.70	4.96	0.07	1.15	1.21	2.45
7	Thungabhadra River Basin Project		11.00	0.03	0.68	0.71	0.64
a	Munirabad {(2x9)+10}	11.70	11.00	0.03	0.68	0.71	0.64
8	Cauvery River Basin Project		32.18	0.53	2.69	3.23	1.00
a	Shiva	11.70	22.83	0.38	1.91	2.29	1.00
b	Shimsa	11.70	9.35	0.15	0.79	0.94	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)	14.70	1829.66	18.93	72.57	91.50	0.50
B	Thermal						
1	Raichur Thermal Power Station Units RTPS)		675.40	67.53	197.01	264.54	3.92
a	RTPS-1 to 7 (7x210)	6.14	518.09	41.67	153.56	195.23	3.77
b	RTPS-VIII (1x250)	10.40	157.31	25.86	43.45	69.31	4.41
2	Bellary Thermal Power Station (BTPS) & yeramurs		1145.30	96.85	350.96	447.81	3.91
a	BTPS Unit I (1x500)	10.56	281.32	39.44	81.41	120.85	4.30
b	BTPS Unit 2 (1x500)	10.56	369.28	57.42	96.42	153.84	4.17
c	BTPS Unit 3 (1x700)	12.42	360.05	0.00	126.02	126.02	3.50
3	Yeramurus TPS (2x800)	10.56	134.64	0.00	47.11	47.11	3.50
	Total KPCL-Thermal Stations (B)	8.98	1820.69	164.38	547.97	712.35	3.91
	Total KPCL Stations (A+B)	11.15	3650.35	183.31	620.54	803.85	2.20
C	Central Projects						
1	N.T.P.C-Ramagundam Stage I & II (Andhrapradesh) (3x200+3x500)(2100)	10.56	310.04	18.23	75.56	93.79	3.03
2	N.T.P.C-Ramagundam Stage III (Andhrapradesh) (1x500)(500)	10.56	79.52	7.30	20.69	27.99	3.52
3	NTPC-Talcher(Orissa) (4x500)(2000)	10.56	277.31	21.11	38.27	59.38	2.14
4	NTPC-Simhadri Stage -I (Andhrapradesh) (2x500) (1000)	10.56	147.52	25.45	38.39	63.84	4.33
5	NLC TPS2-Stage 1(Tamilnadu) (3x210)(630)	10.56	69.27	4.79	15.41	20.21	2.92
6	NLC TPS2-Stage 2(Tamilnadu) (4x210)(840)	10.56	98.10	7.44	21.83	29.26	2.98
7	NLC TPS1-Expn (Tamilnadu) (2x210)(420)	10.56	72.55	7.18	15.34	22.52	3.10
8	NLC TPS1-I-Expn 1	10.56	41.18	0.00	9.16	9.16	2.23
10	MAPS(Tamilnadu) (2x220) (440)	10.57	18.80	0.00	3.86	3.86	2.06
11	Kaiga 1&2, (Karnataka) (2x220)(440)	10.56	69.17	0.00	20.89	20.89	3.02
12	Kaiga Unit 3 & 4 (2x220)(440)	10.56	79.62	0.00	24.04	24.04	3.02
15	NTECL-Vallur STPS stage 1 Unit 1 &2 (Tamilnadu) (2x500)(1000)	10.56	54.17	11.76	11.97	23.73	4.38
18	Tuticorn (TPPU-1) Tamil Nadu NLC/TNEBJV (2x500)(1000)	10.56	38.25	0.00	18.40	18.40	4.81
19	Kudankulam(Tamilnadu) (NPC) (4x1000)(4000)	10.56	161.15	0.00	48.66	48.66	3.02
	Total CGS (C)	10.56	1516.65	103.26	362.47	465.73	3.07
D	IPPs-Major						

1	UPCL Unit 1 & 2 (2x600)	13.00	970.19	168.522	232.399	400.9213	4.1324
	Total Major IPPs (D)	13.00	970.19	168.52	232.40	400.92	4.13
E	Minor - IPPs (NCE Projects)						
1	Co -generation	30.97	63.26		25.39	25.39	4.01
2	Biomass	1.33	1.73		0.77	0.77	4.45
3	Mini Hydel	18.82	284.50		91.38	91.38	3.21
4 (i)	Wind Mill Power (Minor IPPs)	5.55	232.14		79.00	79.00	3.40
4 (ii)	KPCL wind mill at Kappadagudda {(9x0.225)+(11x0.23)}		0.00		0.00	0.00	
5	Captive Power/Waste to Heat Energy	0.00	0.00		0.00	0.00	
6	NTPC Bundle Power share	11.14	33.1794		0	0	0
7	Solar Power	0.00	0		0	0	
i	KPCL Solar {(3x3)+1x5)}	11.14	5.57		3.342	3.342	
iii	Solar Power Purchase Through bids under case -2 bidding proces (KREDL Tenders)		46.34		38.93	38.93	8.40
	Total Minor - IPPs (NCE Projects) (E)	10.20	666.72	0.00	238.81	238.81	3.58
F	Other States Projects						
1	TB Dam Share (AP) (20%),{TBDPS 1(4x9),TBDPS2 (4x9)}	13.77	5.65	0.00	1.02	1.02	1.80
2	Jurala Hydro Power Station (AP) (50%) (6x39.10)	11.56	15.61	0.00	2.81	2.81	1.80
	Total of Other States Projects (F)	12.07	21.26	0.00	3.83	3.83	1.80
G	Contingent Power purchases (Short term/Medium term/Exchange Purchases						
	Short term/Medium term (1503 MW up to June 2015)	11.78	159.35		83.66	83.66	5.25
	Total of Contingent Power purchases (Short term/Medium term/Exchange Purchases (G)	11.78	159.347	0	83.6573	83.65733	5.25
H	Transmission Charges						
1	KPTCL			303.02		303.02	
2	PGCIL			65.76		65.76	
	Total Transmission Charges (H)			368.78	0.00	368.78	
I	System Operating Charges						
1	SLDC			3.25		3.25	
2	SRPC/POSOC/TANGEDCO etc.			0.32		0.32	
	Total System Operating Charges (I)			3.57	0.00	3.57	
	TOTAL (A To I)	11.15	6984.51	827.45	1541.70	2369.15	3.39

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

Sl No	Category	Description	Proposed by CESC		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	84.37	49.88	36.28	19.09	5.26	-1.65
2	LT-2(a)(i)	Dom. / AEH - Applicable to City Municipal Corporations areas and all area under Urban Local Bodies.	613.12	316.99	613.13	269.59	4.40	-17.81
3	LT-2(a)(ii)	Dom. / AEH - Applicable to areas under Village Panchayats	300.93	134.15	346.42	124.87	3.60	-22.43
4	LT-2(b)(i)	Pvt. Educational Institutions Applicable to all areas of Local Bodies including City Corporations	4.87	4.09	4.86	3.43	7.06	31.80
5	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas under Village Panchayats	2.51	1.99	2.51	1.67	6.65	24.60
6	LT-3(i)	Commercial - Applicable in areas under all ULBs including City Corporations.	198.93	176.85	198.94	164.93	8.29	54.96
7	LT-3(ii)	Commercial - Applicable to areas under Village Panchayats	63.53	53.71	63.52	49.89	7.85	46.81
8	LT-4(a)*	IP<=10HP	2725.89	1,350.14	2624.47	1155.56	4.40	-17.70
9	LT-4(b)	IP>10HP	1.17	0.57	1.17	0.51	4.36	-18.93
10	LT-4 (c) (i)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of 10 HP & below	6.94	2.77	6.94	2.39	3.44	-35.69
11	LT-4 (c) (ii)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of above 10 HP	4.63	3.13	4.63	2.87	6.20	16.05
	LT-5	LT Industrial	137.80	95.99	137.80	87.03	6.32	18.05
12	LT-6	Water supply	135.53	63.62	135.53	54.13	3.99	-25.35
13	LT-6	Public lighting	90.70	59.22	90.66	53.30	5.88	9.90
14	LT-7	Temporary supply	13.66	21.58	13.66	19.79	14.49	170.83
		LT - TOTAL	**4384.58**	**2334.68**	**4280.52**	**2009.05**	**4.69**	**-12.27**
1	HT-1	Water supply & sewerage	438.06	229.60	438.07	194.34	4.44	-17.08
2	HT-2(a)	Industrial -	753.91	556.44	794.17	514.52	6.48	21.10
3	HT-2(b)	Commercial	117.49	111.00	127.16	106.66	8.39	56.79
4	HT-2 (c) (i)	Govt./ Aided Hospitals & Educational Institutions	18.65	14.15	18.65	12.37	6.63	23.99

5	HT-2 (c) (ii)	Hospitals and Educational Institutions other than covered under HT-2(c) (i)	12.44	10.15	12.44	9.11	7.32	36.94
6	HT-3(a)(i)	Lift Irrigation - Applicable to lift irrigation schemes under Govt Dept, / Govt. owned Corporations	64.56	27.15	64.55	12.31	1.91	-64.37
7	HT-3(a)(ii)	Lift Irrigation - Applicable to Private lift irrigation schemes Lift Irrigaton societies on urban/express feeders	0.00	0.00	0.00	0.00	0.00	0.00
8	HT-3(a)(iii)	LI schemes other than those covered under HT 3(a)(ii)	0.00	0.00	0.00	0.00	0.00	0.00
9	HT - 3b	Irrigation & Agriculture Farms,Govt. Horticultural Farms, Pvt.Horticulture Nurseries, Coffee, Tea,Cocanut & Arecanut Plantations	0.59	0.25	0.59	0.22	3.73	-30.84
10	HT-4	Residential Apartments -Colonies	7.75	5.28	7.75	4.61	5.95	11.29
11	HT-5	Temporary supply	0.92	1.17	0.92	1.10	11.96	123.51
	HT - TOTAL		**1414.37**	**955.20**	**1464.30**	**855.24**	**5.84**	**9.17**
	TOTAL		**5798.95**	**3289.88**	**5744.82**	**2864.29**	4.99	
	Misc. Revenue					**155.00**		
	Grand Total		**5798.95**	**3289.88**	**5744.82**	**3019.29**	**5.26**	**-1.76**

* These categories are subsidised by GoK. In case subsidy is not released by the Gok in advance, CESC shall raise demand & collect CDT of Rs**.5.26**/unit by BJ/KJ &Rs.**4.40**/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 01.04.2015

Chamundeshwari Electricity Supply Corporation Ltd.,

cxc

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 ð

    (a) Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy,

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

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

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

1	Cheque amount upto Rs. 10,000/-	5% of the amount subject to a minimum of Rs 100/-
2	Cheque amount of Rs. 10,001/- and upto Rs.1,00,000/-	3% of the amount subject to a minimum of Rs 500/-
3	Cheque amount above Rs. 1 Lakh:	2% of the amount subject to a minimum of Rs 3000/-

13. In respect of power supply charges paid by the Consumer through money order, Cheque/DD sent by post, receipt will be drawn and the Consumer has to collect the same.

14. In case of any belated payment, simple interest at the rate of 1 % per month will be levied on the actual No. of days of delay subject to a minimum of Re.1/- for LT installation and Rs.100/- for HT installation. No interest is however levied for arrears of Rs.10/- and less.

15. All LT Consumers, except Bhagya Jyothi and Kutir Jyothi Consumers, shall provide current limiter/Circuit Breakers of capacity prescribed by the Licensee depending upon the sanctioned load.

16. All payments made by the Consumer will be adjusted in the following order of priority: -

(a) Interest on arrears of Electricity Tax
(b) Arrears of Electricity Tax
(c) Arrears of Interest on Electricity charges
(d) Arrears of Electricity charges
(e) Current monthõs 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 installed to their installations.

ii) ôWorking seasonõ months and ôoff-seasonõ months shall be de
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 monthõs notice in c
ôworking seasonõ.

iii) <u>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.</u>

iv) The ôWorking seasonõ months and ôoff-seasonõ months shall b
calendar months. If the power availed during a month exceeds the allotment for the ôoff-seasonõ month, it shall be take
the billing demand as if the month is the ô

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

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

26 Time of the Tariff (ToD)

The Commission as decides in the earlier tariff order, decide to continue compulsor y Time of Day Tariff for HT2(a), HT2(b) and HT 2(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. 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 Pa yment: 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 monthõs 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
Demand Entitlementó or, the recorded de
higher. Such option for reduction of demand entitlement, is
allowed only once during the entire span
Cut Periodó. The Consumer, can however op
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 Cons umer is availing power at voltage higher than 13.2 KV, he will be entitled to a rebate as indicated below:

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

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

i) Wheeled Energy.
ii) Any energy, including the special energy allotted over and above normal entitlement.
iii) Energy drawal under special incentive scheme, if any.
The above rebate is not applicable for Railway Traction.

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

5. Energy supplied may be utilized for all purposes associated with the working of the installations, such as, Office, Stores, Canteens, Yard Lighting, Water Supply and Advertisements within the premises.

6. Energy can also be used for construction, modification and expansion purposes within the premises.

7. Power supply under HT-4 tariff schedule may be used for Commercial and other purposes inside the colony, for installations such as Canteen, Club, Shop, Auditorium etc., provided, this load is less than 10% of the CD.

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

9. Seasonal Industries

   a. The industries, which intend to utilize seasonal industry benefit, shall conform to the conditionalities under Para no. 25 of the General terms and conditions of tariff (applicable to both HT & LT).

b. The industries that intend to avail this benefit, shall have Electronic Tri - Vector Meter fitted to the installation.

c. Monthly charges during the working season shall be the demand charges on 75% of the contract demand or the recorded maximum demand during the month, whichever is higher, plus the energy charges

d. Monthly charges during the off season, shall be demand charges on the maximum demand recorded during the month, or 50% of the CD 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 CESC

.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 CESC

Demand charges	Rs190 /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) , HT2(b) and HT2(c) category.

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

TARIFF SCHEDULE HT-3(a)

Applicable to Lift irrigation Schemes/ Lift irrigation societies,

RATE SCHEDULE

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

Energy charges / Minimum Charges	170 paise per unit subject to an annual minimum of Rs1000 per HP/Annum

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 Ps. per unit subject to an annual minimum of Rs1000/- per HP of sanctioned load.

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

TARIFF SCHEDULE HT-4

Applicable to Residential apartments and colonies (whether situated outside or inside the premises of the main HT Installation) availing power supply independently or by tapping the main H.T. line. Power supply can be used for residences, theatres, shopping facility, club, hospital, guest house, yard/street lighting, canteen located within the colony.

RATE SCHEDULE

Applicable to all areas

Demand charges	Rs100/- 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 and power projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

RATE SCHEDULE – HT- 5

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

<u>LOW TENSION SUPPLY</u>
(400 Volts Three Phase and
230Volts Single Phase Supply)

CESC

ELECTRICITY TARIFF - 2016

PART-II

<u>LOW TENSION SUPPLY</u>
(400 Volts Three Phase and
230Volts Single Phase Supply)

CONDITIONS APPLICABLE TO BILLING OF LT INSTALLATIONS:

1. In case of LT Industrial / Commercial Consumers, Demand based Tariff at the option of the Consumer, can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load, or Maximum Demand recorded in the Tri-Vector Meter during the month, which ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at <u>two times</u> 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 the Licensee, till such time, the additional capacitors are installed and informed to the Licensee in writing by the Consumer. This is also applicable for LT installations provided with electronic Tri -vector meters.

12. All new IP set applicants shall fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka before taking service.

13. All the existing IP set Consumers shall also fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, failing which, PF surcharge at the rate of Rs.60/ -per HP/ year shall be levied. If the

capacitors are found to be removed / not installed, a penalty at the same rate as above (Rs. 60/ -per HP / Year) shall be levied.

14. The Semi-permanent cinemas having Semi -permanent structure, with permanent wiring and licence of not less than one year, will be billed under commercial tariff schedule i.e., LT 3.

15. Touring cinemas having an outfit comprising cinema apparatus and accessories, taken from place to place for exhibition of cinematography films, and also outdoor shooting units, will be billed under Temporary Tariff schedule i.e., LT 7.

16. The Consumers under IP set tariff schedule, shall use the energy only for pumping water to irrigate their own land as stated in the IP set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under appropriate Industrial / Commercial tariff, based on the recorded consumption if available, or on the consumption computed as per the Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

17. The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry farms, Diary farms and fish farms maintained by the Consumer in addition to agriculture.

18. The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, etc., with the approval of the Licensee. The energy used for such operation, shall be metered separately by pro viding 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 altern ate 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 Licenseeõ 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

Commission Determined Tariff for the above category i.e., LT-1 is Rs5.26 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 Rs5.26 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 paise /unit
	101 to 200 units	540 paise /unit
	Above 200 units	640 paise /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 Ps/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	Rs.35 Per KW subject to a minimum of Rs.65 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	Rs.25 Per KW subject to a minimum of Rs.50 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 Consumerõs premis 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 <u>Bulk Solar Water Heater System</u> 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.

<u>TARIFF SCHEDULE LT-3</u>

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	
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 paise / unit
	Above 50 units	745 paise / 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 440 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 440 Paise per unit shall be demanded and collected from these Consumers.

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

TARIFF SCHEDULE LT-4(b):

Applicable to IP sets above 10 HP

RATE SCHEDULE

Fixed charges	Rs.30 per HP per month.
Energy charges	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	Rs.20 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	Rs.30 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, Diary farms and fish farms <u>maintained by the Consumer</u> 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 Shops, Bulk Ice Cream and Ice manufacturing Units, Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery Product Mfg. Units, KSRTC workshops/Depots, Railway wo rkshops, 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, pulveri zing 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 T echnology 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 dying, Stadiums maintained by Govt. and local bodies, Fire service stations, Gold / Silver ornament manufacturing units, Effluent treatment plants, Drainage water treatment plants, LPG bottling plan ts 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) Rs25 per HP for 5 HP & below ii) Rs30 per HP for above 5 HP & below 40 HP iii) Rs35 per HP for 40 HP & above but below 67 HP iv)Rs100 per HP for 67 HP & above

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 paise /unit
501 to 1000 units	550 paise /unit
Above 1000 units	580 paise /unit

ToD Tariff applicable to LT -5:At the option of the Consumer

Time of Day	Increase+ / reduction (-) in energy charges over the normal tariff applicable
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. 26 of general terms and conditions applicable to LT.
3. Electricity can also be used for lighting, heating, and air-conditioning in the premises.
4. In the case of welding transformers, the connected load shall be taken as (a) Half the maximum capacity in KVA as per the name plate specified under -IS1851 or (b) Half the maximum capacity in KVA as recorded during rating by the Licensee, whichever is higher.

TARIFF SCHEDULE-LT 6

Applicable to water supply and sewerage pumping installations and also applicable to water purifying plants maintained by Government and Urban Local Bodies/ Grama Panchayats for supplying pure drinking water to residential areas, Public Street lights/Park lights of village Panchayat, Town Panchayat, Town Municipalities, City Municipalities / Corporations / State and Central Govt. / APMC, Traffic signals, Surveillance Cameras at traffic locations belonging to Government Department, subways, water fountains of local bodies. Also applicable to Streetlights of residential Campus of universities, other educational institutions, housing colonies approved by local bodies/development authority, religious institutions, organizations run on charitable basis, industrial area / estate and notified areas, also Applicable to water supply installations in residential Layouts, Street lights along with signal lights and associated load of the gateman hut provided at the Railway level crossing.

RATE SCHEDULE

Water Supply - LT-6 (a)	
Fixed charges	Rs 35/HP/month
Energy charges	340 Ps/unit
Public lighting - LT-6 (b)	
Fixed charges	Rs 50/KW/month
Energy charges	500 Ps/unit
LED Lighting	400 paise/unit

TARIFF SCHEDULE-LT 7

Temporary Supply and Permanent Supply to Advertising Hoardings

RATE SCHEDULE

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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