



KARNATAKA ELECTRICITY REGULATORY COMMISSION

TARIFF ORDER 201 4

OF

GESCOM

(*Under MYT Framework*)

ON

ANNUAL PERFORMANCE REVIEW FOR FY13

&

APPROVAL OF ARR

&

RETAIL SUPPLY TARIFF FOR FY15

12th May 2014

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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
GESCOM	Bangalore Electricity Supply Company
BNC	Billing & Collection
BPL	Below Poverty Line
BRAZ	Bangalore Rural Area Zone
BWSSB	Bangalore Water Supply & Sewerage Board
CAG	Comptroller & Auditor General
CAGR	Compound Annual Growth Rate
CDT	Commission Determined Tariff
CERC	Central Electricity Regulatory Commission
CE	Chief Engineer
CEA	Central Electricity Authority
CESC	Chamundeshwari Electricity Supply Corporation
CGR	Consumer Growth Rate
CGS	Central Generating Stations
CKM	Circuit Kilometre
CMD	Chairman & Managing Director
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CoS	Cost of Service
DA	Dearness Allowance
DC	Direct Connection
DC LINES	Double Circuit Lines
DCB	Demand Collection & Balance
DG PLANT	Diesel Generating Plant
DMS	Distribution Management System
DPR	Detailed Project Report

DRUM	Distribution Reforms, Upgrade & Management
DSM	Demand Side Management
DTC	Distribution Transformer Centre
EC	Energy Charges
EHT	Extra High Tension
EHV	Extra High Voltage
EOU	Export Oriented Units
ERC	Expected Revenue From Charges
ES&D CODE	Electricity Supply & Distribution Code
ESCO	Electricity Service Companies
ESCOMs	Electricity Supply Companies
FC	Fixed Charges
FDSC	Foreign Debt Service Charges
FEC	Fuel Escalation Charges
FAC	Fuel Adjustment Cost
FY	Financial Year
FEV	Foreign Exchange Variation
GESCOM	Gulbarga Electricity Supply Company
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoI	Government of India
GoK	Government of Karnataka
HESCOM	Hubli Electricity Supply Company
HP	Horse Power
HT	High Tension
HV	High Voltage
Hz	Hertz
IDC	Interest During Construction
IP SETS	Irrigation Pump Sets
IPPs	Independent Power Projects/ Producers
KEB	Karnataka Electricity Board
KER Act	Karnataka Electricity Reform Act
KERC	Karnataka Electricity Regulatory Commission
KJ	Kutira Jyothi
KM/Km	Kilometre
KPCL	Karnataka Power Corporation Limited
KPTCL	Karnataka Power Transmission Corporation Limited
KV	Kilo Volts
KVA	Kilo Volt Ampere
KW	Kilo Watt
KWH	Kilo Watt Hour
LDC	Load Despatch Centre
LT	Low Tension

MAT	Minimum Alternate Tax
MD	Managing Director
MESCOM	Mangalore Electricity Supply Company
MFA	Miscellaneous First Appeal
MGHE Station	Mahatma Gandhi Hydro Electric Station
MIS	Management Information System
MNR	Meter Not Recording
MoP	Ministry of Power
MU	Million Units
MUSS	Master Unit Sub Station
MVA	Mega Volt Ampere
MVAR	Mega Volt Ampere Reactive
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NTPC	National Thermal Power Corporation
O&M	Operation & Maintenance
PCKL	Power Corporation of Karnataka Ltd.,
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation Of India Limited
PKCL	Power Corporation of Karnataka Ltd.,
PLF	Plant Load Factor
POCA	Power Purchase & Other Cost Adjustment
PPA	Power Purchase Agreement
PPCA	Power Purchase Cost Adjustment
PRDC	Power Research & Development Consultants
PTC	Power Trading Corporation
RE	Rural Electrification
RGVY	Rajiv Gandhi Grameena Vidyuth Yojana
R&M	Repair and Maintenance
RLMS	Rural Load Management System
ROE	Return on Equity
ROR	Rate of Return
RTPS	Raichur Thermal Power Station
SC & ST	Schedule Caste & Schedule Tribe
SC LINE	Single Circuit Line
SEB	State Electricity Board
SERCs	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
SPV	Special Purpose Vehicle
T&D	Transmission & Distribution
TCs	Transformer Centres
TERI	The Energy & Resource Institute

TPC	Tanirbavi Power Company
TRL	Total Revenue Management
UG CABLES	Underground Cables
VC	Variable Charges
VVNL	Visvesvaraya Vidyuth Nigama Limited
WPI	Wholesale Price Index
YOY	Year on Year

KARNATAKA ELECTRICITY REGULATORY COMMISSION,
BANGALORE - 560 001

Dated this 12th day of May, 2014.

C f X Y f c b ; Annual Performance Review for FY13 and Revised ARR &
Retail Supply Tariff for FY15

In the matter of:

Application of GESCOM in respect of the Annual Performance Review for FY13 and Revised ARR & Retail Supply Tariff for FY15 under Multi Year Tariff framework.

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

O R D E R

The Gulbarga Electricity Supply Company Ltd., (hereinafter referred to as GESCOM) is a Distribution Licensee under the provisions of the Electricity Act 2003, and has on 13.12.2013 filed the following applications for consideration and orders:

- a) Approval of the Annual Performance Review for the financial year FY13 and Revision of ARR for FY15.
- b) Approval of the revised distribution and Retail Supply Tariff for the financial year 2014-15 (FY15).

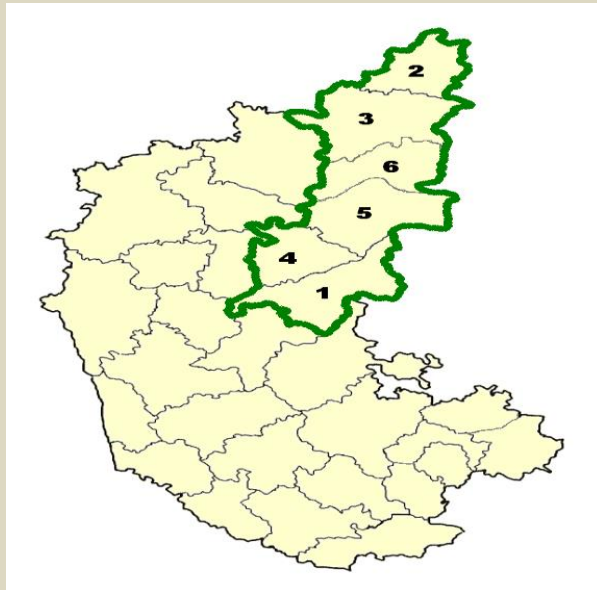
In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with KERC (Terms and conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and other enabling Regulations the Commission has carefully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

CHAPTER 1

INTRODUCTION

1.0 Brief History of GESCOM:

Gulbarga Electricity Supply Company Ltd., (GESCOM) is a Distribution Licensee under Section 14 of the Electricity Act, 2003 (hereinafter referred to as the Act). GESCOM 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 six Districts of that state as indicated below:



1. Bellary
2. Bidar
3. Gulbarga
4. Koppal
5. Raichur
6. Yadgir

GESCOM is a registered company under the Companies Act, 1956, incorporated on 30th April, 2002. GESCOM commenced its operations on 1st June, 2002.

O&M Zones	O&M Circles	O&M Divisions
Gulbarga zone	Gulbarga Circle	Gulbarga CSC Division
		Gulbarga Rural -I Division
		Gulbarga Rural -II Division
	Bidar Circle	Sedam Division
		Bidar Division
		Humnabad Division
		Yadagir Division
		Bellary CSC Division
		Bellary Rural Division
		Hospet Division
Rural Division		
Bellary Zone	Raichur Circle	Raichur CSC Division
		Raichur Rural Division
		Sindanoor Division
		Gangavathi Division
		Koppal Division

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

The section offices are the base level offices looking into operation and maintenance of the distribution system in order to provide reliable and

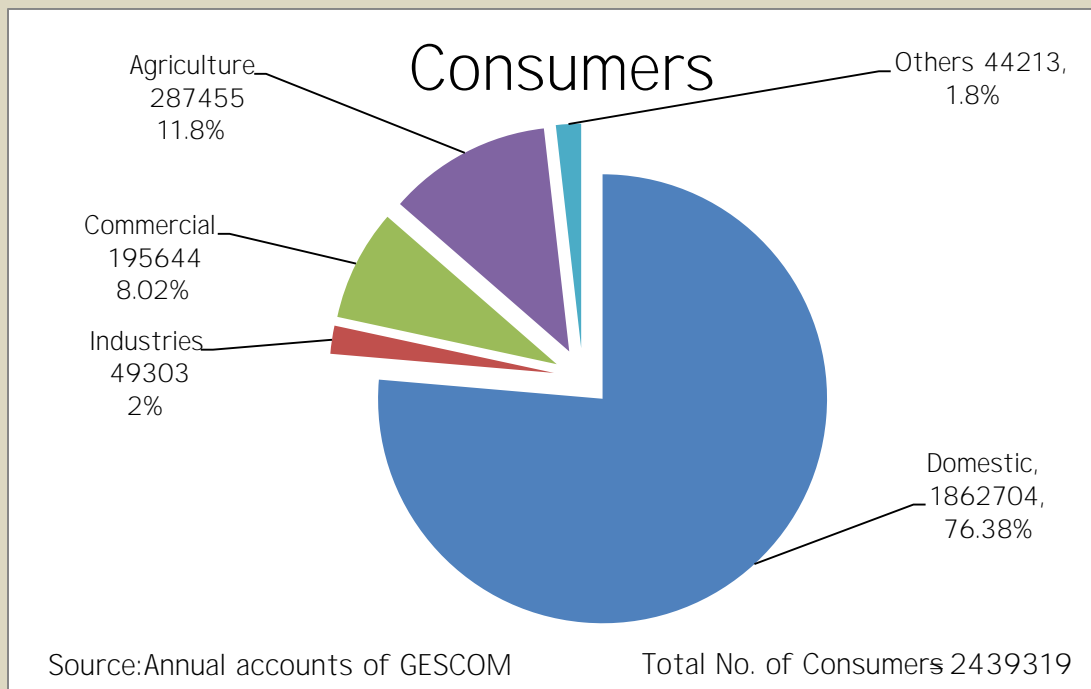
e i U`] h m` d c k Y f ` g i d d` m` h c ` ; 9 G 7 C A Ñ g ` Wc b g i a Y f g " `

GESCOM at a glance:

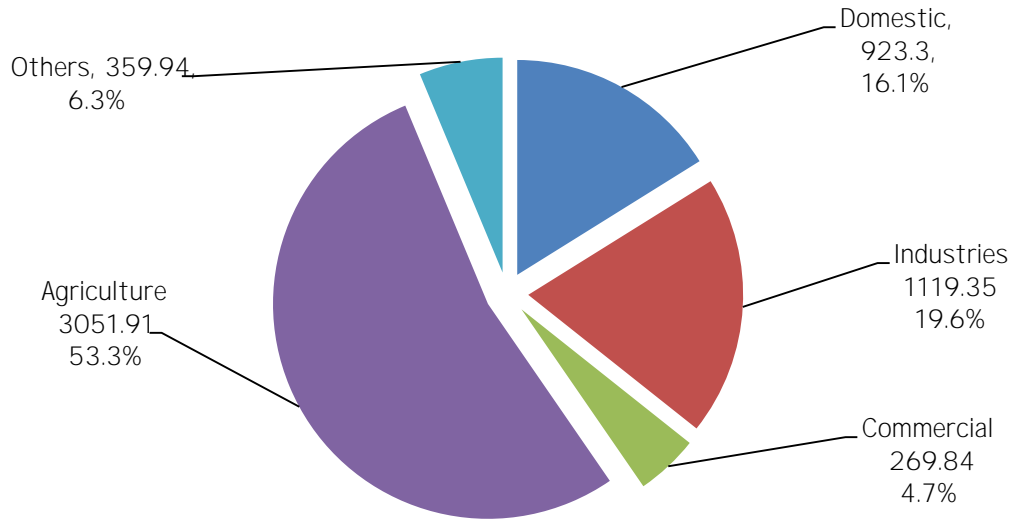
The profile of GESCOM is as indicated below:

Sl. No.	Particulars (As on 31-03-2013)		Statistics
1.	Area	Sq. km.	43861
2.	Districts	Nos.	6
3.	Taluks	Nos.	31
4.	Population	lakhs	95
5.	Consumers	lakhs	24.39
6.	Energy Consumption	MU	5724.30
7.	Zone	Nos.	2
8.	DTCs	Nos.	56930
9.	Assets	Rs. in Crores	4557.88
10.	HT lines	Ckt. kms	42831.88
11.	LT lines	Ckt. kms	77614.39
12.	Total employees strength:		
A	Sanctioned	Nos.	8326
B	Working	Nos.	5066
13.	Revenue Demand	Rs. in Crores	2850.04
14.	Revenue Collection	Rs. in Crores	2593.43

1.1 Number of Consumers, Sales in Mu and Revenue details of GESCOM in FY13 is as follows:



Sales In MU



Source: Annual accounts of GESCOM

Total Sales = 5724.30 MU

Revenue



Source: Annual accounts of GESCOM

Total Revenue = Rs 2850.04 Crores

GESCOM has filed its application for approval of Annual Performance Review for FY13, revised Annual Revenue Requirement (ARR) and Retail Supply Tariff for FY15.

Approval of Annual Performance Review for FY13, Revision of ARR and the Retail Supply Tariff for FY15 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 GESCO for FY14 under MYT principles for the control period of FY14 to FY16. GESCO in its present application filed on 13th December, 2013 has sought approval for the Annual Performance Review for FY13 based on the audited accounts, Revised ARR for the 2nd year of the third control period i.e. FY15 and Revised Retail Supply Tariff for FY15.

2.1 Preliminary Observations of the Commission

After a preliminary scrutiny of applications the Commission had communicated its observations to GESCO on 31st December, 2013 which were mainly on the following points:

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

In response GESCO has furnished its replies on 4th January, 2014. The replies furnished by GESCO 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 in its letter dated 20th January, 2014 treated the application of GESCOM as petition and directed GESCOM to publish the summary of ARR and Tariff proposals in the newspapers calling for objections, if any, from interested persons.

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

Name of the News Paper	Language	Date of Publication
DECCAN HERALD	English	7/2/2014
THE HINDU		
VIJAYA KARNATAKA	Kannada	8/2/2014
VIJAYAVANI		

GESCOM has also hosted the summary of ARR and Tariff proposals on its website and the Commission's website for the ready reference and information of the general public.

In response to the application of GESCOM, the Commission has received twelve statements / letters of objections. GESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 30.04.2014 at Gulbarga. The details of the written / oral submissions made by various stakeholders and the responses from GESCOM 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 5th May, 2014. During the meeting the following important issues were also discussed:

- Ø Projection of Power availability for FY15
- Ø Performance of KPTCL / ESCOMs during FY13
- Ø 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.

CHAPTER 3

SUGGESTIONS/OBJECTIONS AND REPLIES

The Commission undertook the process of public consultation in order to obtain suggestions/views/objections from the interested Stakeholders on the Tariff Application filed by ESCOMs. In the written submissions as well as during the public hearing some Stakeholders and public have raised several objections to the Tariff Application filed by ESCOMs. Among them, h \ Y ' Z c ' ' c k] b [' < c b Ñ V ` Y ' A Y a V Y f g ' c Z ' ? U f b U h U _ U ' Legislative Council have expressed their views mentioned below:

3.1 SriVasu, < c b Ñ M:L.A., Chamaraja Constituency, Mysore.

H \ Y ' < c b Ñ V ` Y r of the Y Legislative Assembly, Chamaraja Constituency, Mysore has communicated his views in writing that ESCOMs have not collected the arrears from consumers and therefore, it is not appropriate to revise the tariff. He has also opined that honest consumers are being penalized by increasing the tariff and at the same time, non-paying consumers are benefitted by non recovery of their arrears. Therefore, he has requested the Commission to take up tariff determination only after ESCOMs collect arrears.

Furt Y f ž ' h \ Y ' < c b Ñ V ` Y ' @Y [] g ` U h] j Y ' 5 g g Y a V ` m ' A Y transmission losses and increasing costs have to be monitored seriously and every year Management Audit has to be conducted to improve the quality of administration. He has stated that the post of Technical Advisor in the Commission is vacant and during the tariff determination process, the services of an experienced Technical Advisor is necessary and important. Hence, he has advised the Commission to defer the tariff revision till the post of Technical Advisor is filled up.

3.2 Sri Aswathnarayan, < c b Ñ M:L.C.:

H \ Y ' < c b Ñ V ` Y ' A Y a V Y f ' c Z ' h \ Y ' @Y [] g ` U h] j Y ' 7 c i b W] hearing on the Tariff and ARR Application filed by BESCO, convened on 21.04.2014 at KERC Office, Bangalore and expressed concern that electrical accidents are occurring frequently and demanded that ESCOMs should take serious note of the alarming accidents causing X Y U h \ g ' c Z ' V c h \ ' \ i a U b ' V Y] b [g ' U b X ' U b] a U ` g " ' ' Council Member requested the Commission to instruct ESCOMs to prevent electrical accidents to save precious human and animal lives.

H \ Y ' < c b Ñ V ` Y ' A Y a V Y f ' U ` g c ' g h U h Y X ' h \ U h ž ' d Y c d ` Y ' tariff provided ESCOMs ensure continuous and quality power supply. He also brought to the notice of the Commission that there often was no power supply in Nelamangala taluk even to draw water for bathing cattle. He opined that power supply during the night would not help the farmers as it would endanger their lives.

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The Coma] g g] c b ' \ U g ' h U _ Y b ' b c h Y ' c Z ' h \ Y ' j] Y k g ' Y l c Members of the State Legislature.

3.3 List of persons who filed written objections :

Sl. No.	Application No.	Name s& Address es of Objectors
1	GA -01	Sri. T.N. Sudarshan, Secretary General, Federation of Karnataka Chambers of Commerce and Industry (FKCCI), Bangalore.
2	GA -02	Sri. M.S. Sreenivas, M/s Renewable Energy Developers Association of Karnataka (REDAK), Bangalore.
3	GA -03	Sri. Deepak G. Gala , President, Hyderabad Karnataka Environment Awareness & Protection Organization, Gulbarga.
4	GA -04	Sri. A. Padmanabha , Hon. General Secretary, KASSIA, Bangalore -

		40.
5	GA -05	SriPrem Chand, Chief Electrical Traction Engineer, South Western Railway.
6	GA -06	Sri. Venkatesh, Hon. General Secretary, LaghuUdyogBharati - Karnataka, Bangalore.
7	AE -01	Sri. B.G. Shetkar, President, Bidar Chamber of Commerce & Industry.
8	AE -02	Sri. Anantharamaih, Senior Citizen.
9	AE -03	Sri. BharatarshabhaDasa, Head -Communication & Public Relations, ISKCON.
10	AE -04	Sri.T.M.VijayaBhaskar, Additional Chief Secretary to Government, Department of Rural Development & Panchayat Raj, Bangalore.
11	AE -05	Sri. Raghavendra Gupta, Indus Towers Ltd, Bangalore.
12	AE -06	Sri. B.S. Shetty, President Indian Wind Power Association (Karnataka State Council).

3.4 *List of the persons who made oral submissions during the Public Hearing on 30.04.2014.*

Sl. No.	Name s & Address es of Objectors
1	Sri. Deepak Gala, Hyderabad Karnataka Environment Awareness & Protection Organization.
2	Sri. Ramulu Reddy, Chairman, Energy Committee , Hyderabad Karnataka Chamber of Commerce & Industry.
3	Sri. Shivaji, Petshirur, Chittapur Taluk.
4	Sri. AppaRao, Petshirur, Chittapur Taluk.
5	Sri. Subash Chandra, Petshirur, Chittapur Taluk.
6	Sri. FazalGulabNab iFizad, District President, BJP, Gulbarga.
7	Sri. AnandaRao, HPCL, Gulbarga.
8	Sri. D. Sanjeev Kumar, Advocate, Gulbarga .
9	Sri. Siddaramaiah Hiremath, Gulbarga.
10	Sri. Hema Reddy Patil, Mudabi, BasavaKalyana Taluk.
11	Sri. BasavanthaRaoWalakeri, Ex -Chairman, G.D.A.
12	Sri. Nandappa, Megalapet, Mudgal, Lingasugur Taluk.
13	Sri. Ramappa, Megalapet, Mudgal, Lingasugur Taluk.
14	Sri. Vishal Pratap Singh, Gulbarga.
15	Sri. Sangappa, Khairavadagi, Lingasugur Taluk.
16	Sri. MaruthiManpade, President, Karnataka Regional Farmers Sangha.
17	Sri. Basavalingappa, Kanakapura, Chincholi Taluk.
18	Sri. Siddanna Magi, Tellur, Afzalpur Taluk.
19	Sri. BhimashankarB. Patil, President, Small Scale Industries Owner Association, Gulbarga.
20	Sri. Mallikarjun Chakra, Saganur, Afzalpur Taluk.
21	Sri. BasavaRaddiKaraddi, Gulbarga.

The above persons have raised several issues concerning tariff, quality of banking and some specific requests concerning the category. The following are the objections and comments received on various issues

3.5 Tariff related issues:

- 1) GESCO has not filed the tariff petition before 30 November, 2013 as per the MYT Regulations 2.7.1. The petition for revision of tariff has not been filed by an authorised person of GESCO and is liable to be rejected.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCO has stated that, it has filed the petition of ARR and ERC for FY15 within the extended time granted by the Commission. The petition is filed by the person authorised by the Board vide Resolution No.49/19 of the 49th Board meeting held on 13.11.2013.

- 2) GESCO has not filed the Annual Accounts as per the Companies Act 1956 and the directions in Appeal No. 108 of 2010 and the petition is not in conformity with the KERC MYT Regulations viz. Regulations 2.1(iv), 2.1(vii) and 3.6.1. ESCO has sought approval of controllable and uncontrollable costs as per actuals instead of seeking revision of MY approved ARR.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCO has stated that, the tariff petition filed is in accordance with the applicable Regulations and Accounts are prepared as per the Companies Act 1956 and Significant Accounting Policies stated in the Financial Statements. GESCO has not claimed any advance against Depreciation in the Annual Accounts for FY13.

- 3) GESCOM has not taken approval of the Commission for purchase of medium term power of 113.81MUs at Rs.6.3562 per unit, which is in violation of Regulations, for which GESCOM is liable for revocation of License.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

PCKL is the authorised agency to procure power on short and medium term basis on behalf of all the ESCOMs and the purchases are made through a tendering process with the approval of the Commission.

- 4) The cost of power procured by GESCOM from UPCL should not be passed on to consumers as the same has not been approved by the Commission.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM has purchased energy from UPCL at the Tariff fixed by the CERC.

- 5) The compensation paid to the generators pursuant to the order passed by GoK under Section 11 should have been paid by the Government and not passed on to the consumers.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

The Tariff for energy procured under Section 11 is approved by the Commission.

- 6) The allocation of power to ESCOMs has to be carried out by the Commission and not by GoK.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

The allocation of power to ESCOMs is being done by GoK and the same has been approved by the Commission.

- 7) GESCOM has not taken action to recover the long standing arrears to the extent of Rs.1715.14 Crores from various categories of consumers.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM has stated that, it is collecting dues/ arrears in accordance with the provisions of Karnataka Recovery of Dues Act 1976. The total arrears as at the end of Sept 2013 is Rs.808.84 Crores from IP sets and Rs.641.75 Crores from Government water supply and street light installations. In order to collect arrears of Rs.265 Crores from other categories of consumers, GESCOM has initiated 'Arrears Collection Drives' with disconnection of installations.

- 8) GESCOM has not furnished the data on quantum of power sold to IP set and Street light category based on the metered sales but has resorted to estimate the value and has failed to control the menace of unauthorised IP Sets.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM is assessing the IP set consumption based on readings taken from the meters fixed to DTCs predominantly feeding IP sets. The metered streetlight installations are read on monthly basis while the consumption of streetlight installations which are not metered is assessed on monthly basis and both the figures are added and shown in the Tariff filing.

- 9) GESCOM is supplying free power to all IP sets contrary to the Government Notification No. EN 55PSR/2008 which provides that, only metered IP sets are eligible for free power supply and Income Tax/Professional Tax payers

and Govt. Servants are not eligible for free power supply. An enquiry on this lapse is to be carried out and action taken on the concerned.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GoK is committed to pay for the consumption of all the IP Sets below 10 HP. The farmers are resisting the fixing of energy meters to IP Sets and are not extending co-operation by providing particulars mentioned in GoK Order. Hence, it has not been possible to follow the order.

10) GESCOM has not indicated any steps to improve its efficiency, to transfer the benefit of efficiency gains to the consumers and in the absence of any specific gains, the application is not maintainable. The applicant has failed to improve efficiency and has not complied with all directives. Hence, it is requested to reverse the earlier increased tariff instead of increasing it further.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM is continuously improving quality and reliability of power supply to its consumers and is taking up several developmental works. Distribution losses have been reduced from 21.7 % to 18.97 %.

11) GESCOM has merely chosen to seek revision of tariff instead of making efforts to realise arrears. If the arrears were collected by GESCOM, there would not be any gap for FY15.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM is initiating measures to reduce the revenue arrears. However, the gap is on account of increase in the power purchase cost and other distribution expenses. Though the recovery of arrears improves the cash

flow position of GESCOm and reduces the liabilities, it would not affect the gap. The increase in tariff is not claimed on account of write-off of long outstanding dues.

12) As per the Tariff Policy, the tariff to be fixed should be within +20 % of the tariff fixed for the year. Since the tariff to serve of GESCOm has not been approved by the Commission, it is not possible to verify whether the proposed tariff is within limits.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

GESCOm has not commented on this issue.

13) As per Section 23 of the Act, GESCOm should have taken approval of the Commission for load shedding. But, GESCOm is resorting to unscheduled load shedding on its own, which is adversely affecting the industries.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

GESCOm is managing its load depending upon the availability of power. The load shedding is done as a measure to ensure safety of the grid, in the event of unforeseen outages of regular sources of generation. Depending upon the availability, GESCOm is managing its power supply optimally and as far as possible avoiding interruptions. Load shedding is carried out when there is a shortfall in generation and in cases of emergency. The scheduled load shedding is intimated to consumers in advance through paper publications.

14) Fixed charges of Rs.5 have been increased in the last tariff revision by the Commission, without any request from the ESCOMs and the same needs to be withdrawn.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

In Tariff Order 2013, the Commission has not allowed any increase in the fixed charges.

15) GESCO has not furnished 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 make it optional. It is requested to provide independent feeders for the industries to reduce the interruptions.

; 9 G 7 C A N g ' F Y g d c b g Y .

Fixing of ToD meters is to encourage the consumers to use energy at off peak hours and to discourage the consumers to use energy at peak hours

16) The Solar Water Heater rebate should be increased to Rs.100/- to encourage installation of the same.

; 9 G 7 C A N g ' F Y g d c b g Y .

GESCO is following the Regulations in the matter of Solar Water Heaters while servicing new installations.

17) Since the gap between the supply and demand is increasing day by day, it is suggested that Government has to consider alternative sources of generation with small gestation periods to fill the gap instead of purchasing short term power at high cost. The low cost power from Hydel and Thermal sources is to be utilised at optimum level and PLF of KPC Thermal Plants needs to be improved.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

GESCOM has not commented on this issue.

- 18)The uniform tariff hike sought by all ESCOMs is not justified as the cost of distribution is different in ESCOMs.

GESCOM Ñ g ' F Y g d c b g Y .

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gap of Rs.198.19Crores is projected for FY15.GESCOM has proposed a
hike of 66 paise per unit to all Tariff categories except BJ/KJ and IP sets to
bridge the gap for FY15. Due to power shortage, GESCOM is compelled to
purchase power on short term basis to meet its power requirements, and
has sought increase in the tariff to meet its increased costs and tariff hike
of 66 paise is sought to bridge the gap between expenditure and revenue
of the Company.

- 19)GESCOM has failed to complete DTC metering and resorted to estimate
the IP consumption. Hence, it is requested not to load the cross subsidy
element of IP set consumption arrived at as per estimates to the paying
category of consumers.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

GESCOM has taken up DTC metering and out of 52320 DTCs in rural area,
40036 DTCs are metered and the readings are considered for arriving at
the consumption of IP sets.

3.6 Quality of power supply and services :

20) It is stated that, there has been a tariff hike of Rs.1.21 per unit during the last four years and an additional hike of ₹. 0.66 need not be considered as the Distribution Companies are not supplying quality power to the consumers and are not informing the consumers in advance about the load shedding. It is stated that, it is not necessary to increase the tariff as proposed by ESCOMs if the ESCOMs control unnecessary expenses and take suitable measures to reduce the distribution losses.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM has sought revision in tariff to bridge the gap in revenue realisation and expenditure which has increased due to increased power purchase cost and the O&M expenditure. The scheduled load shedding is intimated to consumers in advance through paper publications.

GESCOM is continuously improving the quality and reliability of power supply to its consumers and is taking up several developmental works. Distribution losses have been reduced from 21.7 % to 18.97 %.

21) The ATP machines installed by GESCOM to facilitate timely payment of the bills by the consumers at six places are not functioning for the past two and half years rendering the expenditure incurred on ATPs wasteful.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

The existing ATP machines are not suitable for integration with software of M/s. Infosys which is implementing IT initiative under RAPDRS scheme and GESCOM has proposed to install new ATP machines.

22) It is suggested to provide independent feeders to industries to reduce interruptions.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

GESCOM has provided independent feeders to Industries in approved Industrial areas and is approving independent feeders to other industries on request under selfexecution basis.

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23)The street lights are kept on during day time as TimerSwitches are not provided despite clear directions by the Commission. GESCOM has not installed the TimerSwitches to all the street lights. Most of the street light installations are not metered.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

Letters are addressed to the DCs/Commissioners/CEOs for installation of Timer Switches to street lights and 110 Timer Switches have been provided in Gulbarga and Bellary Cities. Action is initiated to install Timer Switches to the remaining streetlight installations by making Budget Provision of about Rs.100 lakhs during FY15.

24)GESCOM has failed to install meters to all categories of consumers and is supplying 53% of the total energy to the unmetered categories. The distribution losses are 25% in some areas and the Company has not taken steps to reduce the losses.

; 9 G 7 C A Ñ g ' F Y g d c b g Y .

GESCOM is making efforts to fix the meters to all types of installations and has achieved 100% metering in all categories except IP Sets, BJ/K and streetlight installations. As the energy meters fixed to IP sets were removed by the farmers, the IP set consumption is assessed based on readings taken from the meters fixed to DTCs predominantly feeding IP sets.

GESCOM has taken action to procure 2.5 lakhs single phase Static Meters for replacement of existing Electro Mechanical Meters in 21 towns under RAPDRP Scheme. The released Electro Mechanical Meters will be utilized for metering of unmetered BJ/KJ installations.

25) GESCOM 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 and 100% metering of installations. The enumeration of the IP sets and regularisation of unauthorised IP sets have not been taken up seriously by GESCOM. The consumer indexing and GPS mapping have not been completed. The progress of NJY is very poor (only 10%) and GESCOM has not quantified the improvements achieved in rural areas after implementation of NJY.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

High Voltage Distribution System (HVDS) is proposed to be implemented as a pilot project in Kudlagi Taluka in Hospet Division of Bellary District. LT/HT ratio is expected to reduce after implementing HVDS.

GESCOM has taken up DTC metering and out of 52320 DTCs in rural area, 40036 DTCs are metered and the readings are considered for arriving at the consumption of IP sets.

As per the guidelines and directions of the Government of Karnataka from time to time, GESCOM is taking action to regularize the unauthorized IP sets.

Energy audit is being carried out in 11 towns and is being furnished to the Commission. Proper and realistic energy audit can be done after rolling out software by M/s. Infosys under RAPDRP.

GESCOM has conducted enumeration of IP sets during 2011-12 and identified 27282 unauthorized IP sets, out of which 19227 IP set installations are regularized as on January 2014. Out of 53564 unauthorized IP sets as at the end of October 2013, 27282 unauthorized IP sets are registered and 19227 IP sets are regularized as on January 2014.

GESCOM has proposed to implement Demand Side Management by taking up Efficient Lighting Programme on pilot basis in Gulbarga City to replace the existing incandescent bulbs by LEDs (4 Nos. per household)

GESCOM has completed construction of 111 out of 235 NJY feeders under Phase-I. Under Phase-II, 34 out of 109 NJY feeders are completed. The feeder-wise analysis of completed feeders is being undertaken.

GESCOM has taken adequate steps to bring down the distribution losses in the towns of Shahabad, Yadgir, Bidar, Basavakalyan, Raichur, Sindhanoor, and Bellary under the RAPDRP by metering, billing, providing additional distribution transformers, providing AB cable, re-conductoring and replacement of Electro-mechanical Meters by Static Meters etc.

GESCOM has undertaken various works like providing additional Distribution Transformers, 11 KV lines, re-conductoring of existing 11KV / 33 KV Lines and replacing existing Electro Mechanical Energy Meters by Electronic Static Energy Meters.

Efforts are being made to educate the farmers to use energy efficient pump sets. Consumers are also educated to use efficient foot valves and RPVC pipes in place of GI pipes for easy flow of water.

GESCOM has completed GIS mapping for 21 Towns under RAPDRP Programme.

26)GESCOM has not initiated any action to introduce the prepaid meters.

G 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM hasnot furnished its comments on prepaid meters.

3.8 Issues regarding Wheeling and Banking:

27)REDAK has stated that, the Commission has considered the banking facility as per theWheeling and Banking Order of 2008 and has extended the same till 31st March2014. But, GESCOM without giving proper calculations about the loss suffered due to banking facility extended on a yearly basis to RE sources, has sought restriction on banking facility to one month. The proposal of collecting wheeling charges equivalent to distribution losses as determined by the Commission or on actuals, if the distribution network is used for wheeling is against the provisions of EA, 2003 it is requested not to alter the wheeling and Banking charges. Since GESCOM has not made any specific prayer about the cross subsidy surcharge, it is requested to remove the cross subsidy surcharge as is done for theSolar and Municipal Solid Waste Plants.

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM has stated that, it has requested for revision of Wheeling and Banking charges in Chapter-13, providing all data. The calculation of

Cross subsidy surcharge as per the formula specified in the Regulations has been re-submitted as Annexure-11, while furnishing the clarification/compliances to the preliminary observations made by the Commission.

28)The detailed calculations in respect of Wheeling and Banking charges are not clearly mentioned in the tariff petition and the data on the quantum of energy banked during the month, utilized by ESCOM, market rate during the time of banking and sale of energy to the consumer and UI rate during the peak and off-peak period are not furnished.

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GESCOM has stated that, it has furnished the details in respect of Wheeling and Banking charges in Chapter 13 of the filing.

3.9 Specific request by the Objectors:

29)KASSIA has requested that, the MSME (Micro Small and Medium Enterprises)Sector has to be exempted from tariff hike due to universal recession in theSector and erratic power supply conditions. Further, the energy intensive industries like Foundries, Forging Shops, Steel Mill and Blow Moulding Heat Treatment Shops in Karnataka are not able to compete with the neighbouring States due to higher cost of power and sought to reduce the tariff.

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GESCOM has opined that , the decision on tariff matter is left to the Commission and GESCOM would abide by the Order of the Commission.

30) Cross subsidy being paid by the industrial consumers has to be reduced to make them viable and the tariff has to be fixed on the basis of cost of supply.

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GESCOM has not furnished comments.

31) South Western Railway has objected to the proposed hike in tariff quoting extract of Article 287 of the Constitution of India and claiming it as a public utility serving the common man and sought the Railways to be exempted from the proposed tariff hike. Railways have stated that, the increase in power tariff which may result in hike in railway tariff and in turn the transportation of coal may also become costlier resulting in higher cost of generation of thermal power. The Railways have sought the tariff to be changed to single part from the existing two part tariff. Further, the railways have sought reduction of cross subsidy charges, provide rebate for their proposed electrification projects and residential quarters and incentivise them for improving PF above 0.9.

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GESCOM has opined that tariff concession need not be given to the Railways as it recovers the cost of service through platform tickets, railway fares, etc.

32) The International Society for Krishna Consciousness has requested that, they may be considered under the Tariff category of LT2a (i) instead of the present HT2b (i) as they are a Religious and Charitable Society, providing mid-day meals to over 13 Lakh children in India under the Akshay Patra Programme.

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GESCOM has replied that the matter pertains to BESCOM as ISKCON Temple is situated in Bangalore

- 33) The Department of Rural Development and Panchayat Raj has stated that, it caters to the water supply requirement of the Grama Panchayat level with a social responsibility which has 216828 bore wells and 40715 minor water supply sources. The Power supply extended to villages is mostly by single phase and hardly 6 Hrs of 3 phase supply is extended for which the tariff is uniform as that of urban areas. Without proper metering water supply and street lights, the ESCOMs claim electricity bill as per the connected load which will result in higher burden to the Rural Development and Panchayath Raj Department. Hence, it is requested that, the tariff of LT6 may be fixed at Rs.1.51 per unit (Tariff for IP sets in BESCOM area).

; 9 G 7 C A Ñ g ` F Y g d c b g Y .

GESCOM is supplying 6 hours of 3 phase power and 12 hours of single phase power in rural areas, as per the Order of GoK.

- 34) Indus Towers Ltd has stated that, the tariff for the commercial category in Karnataka is higher than other States in India and further revision of tariff would adversely affect the consumers. The telecom tower connections have to be classified under a separate category under Commercial Tariff with lesser tariff slab owing to social nature of the service rendered to last mile connectivity to the rural consumers in communication. It is requested to implement the AMR technology to reduce the cost of billing and meter reading and also to improve accuracy of metering. The Open Access facility needs to be provided to the LT level telecom towers so that, the

load on the utility is reduced and procurement of expensive power is also avoided.

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As telecom towers are working on commercial basis, GESCOM has opined that the hike in tariff to such consumers may be necessary. The tariff of one State cannot be compared to another, as factors like power purchase cost and expenditure vary. GESCOM has opined that the consumer can avail the facility of self-reading of meters by installing additional AMR meters at his cost and reconcile the readings every 6 months. GESCOM has requested to continue the existing Open Access Regulations.

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The Objectors have raised several issues concerning quality of service, improving the distribution efficiency including reduction of losses, the Commission is of the view that most of these issues are dealt with, in the Chapter dealing with Directives and Compliances elsewhere in this Order. Views of the Commission on the issues raised pertaining to Tariff and Tariff related issues are summarised below:

Sl.No.1 - Regarding the delay in filing Tariff Petition:

The Commission notes that GESCOM has not filed the tariff petition for FY15 on 30th November, 2013. However, GESCOM has filed its petition for tariff revision for FY15 on 13th December, 2013 within the time limit extended by the Commission. The Commission has relied on the c V g Y f j U h] c b ' a U X Y ' V m ' h \ Y ' < c b Ñ V ' Y ' 5 d d Y ' ' U h Y ' H f] b ' h \ Y ' 7 U g Y ' f Y d c f h Y X '] b ' & \$ % \$ ' 9 @ F ' fl 5 D H 9 @ £ ' \$ 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

f Y Wc j Y f U V ` Y ` Z c f ` h \ Y ` d Y f] c X ` c Z ` X Y ` U m ĩ " ` ` = b ` h requirement sought is from April, 2014 and therefore, the time taken by ; 9 G 7 C A ` Z c f ` Z] `] b [` h \ Y ` U d d `] W U h] c b ` k] ` ` b c h ` U interest.

Regarding the Petition for revision of tariff being not filed by an authorized person of GESCO:

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

Sl.No.2 - GESCO has not filed its Accounts in accordance with the 7 c a d U b] Y g ` 5 W h ž ` %-) * ` U b X ` X] f Y W h] c b ` c Z ` < c b Ñ V ` Y 2010 is not followed:

The Commission has issued consequential Order on 17.10.2013 directing all ESCOMs in Karnataka to draw up their Annual Accounts in accordance with the Companies Act, 1956 and the Accounting Standard 12 of the Institute of Chartered Accountants, prospectively with effect from the X U h Y ` c Z ` < c Ñ g ` e r . Y T h i s w a s p r e c e d e d b y i n s t r u c t i o n s o f t h i s Commission to all the Electricity Distribution Companies in the State in its letter dated 20.01.2013 directing them to henceforth submit their Annual Accounts as per the provisions of the Companies Act, 1956. Therefore, GESCO shall submit its accounts in line with the Companies Act, 1956 from the Financial Year 2014 onwards. It is noticed that GESCO has drawn up its accounts for 20123 in accordance with the Companies

Act, 1956. However, depreciation in respect of assets created out of Consumer contribution and grants has not been allowed in the ARR of GESCOM .

Sl.No. 3 | Regarding Purchase of medium term power of 113.81 MU at Rs.6.3562 per unit and revoking License issued to GESCOM .

The contention of the objector to revoke the license of GESCOM on the ground that the medium term procurement made by GESCOM is not in accordance with the approval conveyed by the Commission, is not acceptable as the said procurement has been made with the approval of the Commission.

Sl.No. 4 | Regarding the cost of Power procured by GESCOM from UPCL should not be passed on to consumers as the same has not been approved by the Commission:

The Central Electricity Regulatory Commission has issued orders approving the Tariff for UPCL on 20 February, 2014. Accordingly, the Commission takes into consideration the cost of power procured by GESCOM from UPCL in the ARR of GESCOM for FY 15, subject to approval of PPA by the Commission.

SL. No.5 | Regarding Compensation paid to Generators pursuant to the Order passed by GoK.

The contention of the Objector to pass on the cost of power purchased invoking Section 11 of the Electricity Act, 2003 to Government, is examined. The Commission is of the view that purchases made by GESCOM as per the Government Order issued under Section 11 of Electricity Act, 2003 are in order. The Commission will, as and when required consider the question of offsetting any adverse financial impact

on any Generating Company consequent to the supplies made in compliance of Orders issued under Section 11 of the Act

SI.No.6) Regarding allocation of power to ESCOMs by the Government:

It is observed that the State Government is allocating sources of power among ESCOMs based on the availability and requirement, the Consumer profile and other factors of each ESCOM and the Commission is taking note of the same while determining the tariff.

SI.Nos.7 & 11- GESCO has not taken action to recover the long standing arrears to the extent of Rs.1715.14 Crores from various categories of consumers and the objection that there will not be any gap, if the arrears were collected by GESCO:

The Commission is to clarify that non-realization of arrears does not impact the tariff. As both Income and Expenditure are accounted on accrual basis and not on cash basis. However, GESCO is directed to take steps to realize the arrears to improve its cash flow.

SI.No.8- Regarding non-furnishing of data on quantum of power sold to IP sets and street lights based on metered sales:

The Commission has dealt this issue in the Chapter dealing with Directives in this order.

SI.No.9-Regarding supply of free power to all IP sets contrary to Govt. Notification No. EN55PSR/2008.

GESCO is supplying power to IP Sets and recovers the cost from the State Government at Commission Determined Tariff. However, KERC has not indicated any qualification for the use of electricity under LT4 category.

SI.No.10-Regarding GESCOM not indicating any steps to improve its efficiency to transfer the benefit of efficiency gains to the Consumers and in the absence of any specific gains, the application is not maintainable etc:

The Commission has discussed this point at the time of determining incentive/rebate in Chapter -4 of this Order.

SI.No.12 - Regarding the objection to not adopting Cost to Serve and fixing the Tariff with +& \$ i ' c Z ' h \ Y ' ĩ 7 c g h ' h c ' G Y f j Y ĩ .

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

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

SI.No.13 - Regarding unscheduled load shedding:

GESCOM is directed to avoid unscheduled interruptions which will cause undue inconvenience to the Consumers. But, it is also a fact that the ESCOMs are resorting to unscheduled load shedding, only in case it is inevitable in order to balance the power supply during unforeseen reduction in the availability of power. Given the power supply position, it may not be possible to completely avoid load shedding.

Sl.No.14 | Regarding the objection that the Fixed Charge of Rs.5 has been increased in the last tariff revision by the Commission without any request from the ESCOMs and that the same needs to be withdrawn:

The Commission has not increased the Fixed Charge by Rs.5 in the last tariff revision.

Sl.No.15 | Regarding implementation of ToD Tariff and providing independent feeders :

Time of Day Tariff is recognized globally as an important Demand Side Management (DSM) measure which is used as a means of incentivizing consumers to shift a portion of their loads from peak times to off-peak times, thereby improving the system load factor by reducing the demand on the system during peak period.

ToD has been made compulsory in respect of HT installations having 500 KV and above under HT2 (a), HT2 (b) and HT2(c). There is need to conduct periodic load research study to understand the effectiveness of the ToD tariff. Use of advanced communication technologies for metering shall be the driving force behind proper deployment and enhancing penetration of ToD programs in the near future. The Commission will review the effect of ToD implementation on peak load and decide separately.

Sl.No.16 | Regarding increase in Solar Water Heater rebate:

The Commission, while issuing the Tariff Order, has examined the points raised regarding Solar Water Heater rebate and the views of ESCOMs. Keeping in view the financial health of ESCOMs, request for increase in the rebate from Rs.50 to Rs.100 is not considered.

Sl.No.17 | Regarding suggestions made by the Objector to meet the demand for power supply, considering the alternative source of generation with small gestation period:

The Commission has suggested to the Government to improve the Plant Load Factor of KPC Thermal Plants and enter into longterm contract for procurement of power so as to reduce the cost on account of purchasing power on shortterm basis at high cost.

Sl.No.18 | Regarding uniform tariff hike as sought by all ESCOMs:

The Commission clarifies that the tariff will be fixed based on cost of supply of each ESCOM.

Sl.No.19 | Regarding GESCOM's request to complete DTC metering within the stipulated time and estimating the IP consumptionThe Commission should not load the cross subsidy element of IP set consumptions arrived at as per estimates to the paying category of Consumers

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Appeal No.108 of 2010 that there is no reason to interfere with the findings of the KERC in the sales estimates to IP sets on the basis of consumption recorded in the meters installed at the Distribution Transformer level. The Commission presently relies on IP set consumption assessed on the basis of consumption recorded in the meters installed at the Distribution Transformer level. However, the Commission is of the view that once the Niranthara Jyothi Yojana Scheme is completed, the Commission will be able to recognize the sales to IP sets on the basis of consumption recorded in the meters installed at the Exclusive Agriculture Feeders at Sub-station level after providing due allowance for 11 KV and below losses, and load reasonable level of cross subsidy element of IP set

consumption to paying categories. The ESCOMs should however aim at installing meters at all installations in a time bound manner.

SI.No. 20- Regarding the request not to consider the tariff hike proposed, as tariff has been increased in the last 4 years;

The Commission will decide the required increase in tariff for all categories based on the gap determined taking into consideration the revenue requirement for FY15 and the existing revenue. GESCOM is directed to initiate necessary measures to control unnecessary expenses and also reduce the distribution losses.

SI.No.21 - Regarding non- functioning of ATP machines installed:

GESCOM is directed to take immediate action to operate the ATP machines installed at 6 places, which are at present stated to be not functioning.

SI.No.22) Regarding separate feeders for industries:

GESCOM is directed to provide independent feeders to industries after considering the techno economic feasibility.

SI.Nos. 23, 24, 25 & 26) GESCOM 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 and BJ/KJ and 100% metering of installations. The enumeration of the IP sets and regularization of unauthorized IP sets has not been taken up seriously by GESCOM. The Consumer Indexing and GPS mapping have not been completed. GESCOM has not installed time switches to all the street lights even after two years of Commissioning.

of NJY is very poor and GESCOM has not quantified the improvements achieved in rural areas after implementation of NJY.

The Commission will review the progress of the above works and the same will be discussed in the Chapter 4 U`] b [` k] h \ ` Đ 8] f Y Wh] j Y g ` U b X` in this Order.

The Commission has directed GESCOM to introduce pre-paid meters as per the provisions of Supply of Electricity and Distribution by Licensees in the State of Karnataka.

SL.Nos. 27 & 28 Regarding points raised on Cross subsidy and Wheeling & Banking charges:

The Commission vide Order No. V/03/9 dated 24.4.2014 has extended the validity of the Order No. V/01/1 dated 11.7.2008 in the matter of Wheeling and Banking Agreement for a further period upto 306.2014 or till the issue of revised Order in the matter. As such, the issues raised by the Stake holder would be taken up while revising the said Order.

As far as Captive Generators opting for participation in REC mechanism the Order dated 9.10.2013 continues.

The contention of the Stakeholder that demand charges are levied twice is not correct. The tariff determined for cross subsidizing categories consists of the average cost of supply plus the cross subsidy component. The average cost of supply in the tariff has a fixed component (which includes Transmission and Distribution network cost) and a variable component, which is mainly the variable cost of power purchase. Similarly, while calculating the cross subsidy surcharge, the components considered are the power purchase cost at 5% margin grossed up by relevant voltage level losses plus transmission network cost and the

distribution network cost of the relevant voltage level. As per the formula specified in the Regulations, the cross subsidy surcharge is calculated as the difference of the average realization rate for the relevant category and the cost of supply considering the 5% marginal cost. As such, while taking the difference, the fixed cost in the realization rate gets annulled with the fixed cost of network cost. Thus, the cross subsidy surcharge does not include the fixed charges. Therefore, the contention of the Stake holder is not correct.

The Wheeling charges, Banking charges and the Cross subsidy are discussed in Chapter-6 of this Order.

SI.No.29 - Regarding points raised by the Objector as to the industries like Foundries, Forging Shops, Steel Mills and Blow Moulding Heat Treatment Shops in Karnataka are not able to compete with the neighboring States due to high cost of power:

The Commission will keep in mind these issues while determining the tariff for LT5 categories.

SI.No.30 } Regarding request to reduce Cross Subsidy being paid by the Industrial consumers:

The Commission has been determining the retail supply tariff on the basis of the average cost of supply. The cross subsidy is kept at reasonable levels to moderate the tariff for life line supply and certain categories of consumers keeping in view socio economic factors.

SI.Nos.31 } Regarding exempting Railways from the proposed tariff hike and other objections:

The Commission, at the time of determining tariff hike, takes into consideration factors like, socio-economic conditions, paying capacity of the consumers and all other norms and factors while deciding tariff increase to Railways. The entire tariff design is based on two part tariff i.e. fixed charges and energy charges to recover fixed and variable costs of the ESCOMs. Regarding reduction of cross subsidy, the Commission will take into consideration the request at the time of determination of tariff. However, energy consumed by such loads at single points is being billed at HT4 tariff schedule and no reduction in demand recorded in the main HT meters is allowed. As regards demand for incentives of power factor bonus, the Commission rejects the proposal as maintenance of .90 or above power factor helps the Railways in terms of lesser demand charges and reducing losses. The issue of grant of power factor bonus had also been considered in the Karnataka High Court in the case reported in Z. No. 100 of 2012. The Bench advanced in support of grant of bonus rejected the same for the reason that there is no justification to grant the bonus. This has been upheld by the Division Bench in Writ Appeal No.189/83.

Sl.No.32 - Regarding the points raised by the International Society for Krishna Consciousness to consider under Tariff category of HTc(i) as it is a Religious and Charitable Society:

GESCOM has stated that this objection pertains to BESCO.

Sl.No.33 - Regarding points raised by the Department of Rural Development & Panchayat Raj :

The Government is advised to help ESCOMs recover arrears due from Grama Panchayats and other Local and Urban Bodies. Similarly, GESCOM is directed to look into the issues raised by the Objector and to resolve issues regarding non-metering of water and street light installations

and wrong billing. GESCOM is also directed to increase the pace of NJY programme to improve the power supply in rural areas. Further it is not correct to request for applying IP set rate of Rs.1.51 fixed BESC area on water supply and street light installations as this rate is arrived at by taking huge cross subsidy available from other consumers of BESC.

Sl.No.34) Regarding the points raised by M/s. Indus Towers:

The Commission clarifies that, all communication activities are considered

Regarding AMR technology, GESCOM is directed to implement the same for meter reading and billing Communication Towers pertaining to the Objector. The Commission has issued Terms and Conditions of Open Access Regulations, where it has specified phase wise implementation of Open Access. At present, it is introduced for all HT consumers with Contract Demand of 1 MW and above. Hence, it is not possible to extend open access to Low Tension level telecom towers for the present.

CHAPTER 4

ANNUAL PERFORMANCE REVIEW FOR FY13

4.0 GESCO Application for APR for FY13:

In its application dated 13th December, 2013, GESCO has sought approval of the Annual Performance Review (APR) for FY13 based on its Audited Accounts for the year.

The Commission in its letter dated 31st December, 2013 had communicated its preliminary observations to GESCO. GESCO has in its letter dated 6th January, 2014 replied to the preliminary observations of the Commission.

The Commission in its Multi Year Tariff (MYT) Order dated 7th December, 2010, had approved GESCO's application for FY11 to FY13. Further, in its Tariff Order dated 30th April, 2012, the Commission had approved the APR for FY11 and had revised the APR for FY13 along with the Retail Supply Tariff for FY13.

The Annual Performance Review for FY13 based on the Audited Accounts is discussed in this Chapter.

4.1 GESCO's Application for Revision of APR for FY13:

GESCO has submitted its proposals for revision of APR for FY13 based on the Audited Accounts as follows:

TABLE 4.1
ARR for FY13

Amount in Rs.Crs.

Sl. No	Particulars	FY13
1	Energy at Gen Bus in MU	7356
2	Energy at Interface in MU	7064
3	Distribution Losses in %	18.97%
	Sales in MU	
4	Sales to other than IP & BJ/KJ	2638
5	Sales to IP & BJ/KJ	3086
6	Total Sales	5724
	Revenue at existing tariff	
7	Revenue from Tariff and misc.charges	1703.83
8	TariffSubsidy	1146.21
	Total Revenue	2850.04
	Expenditure	
9	Power Purchase Cost	2132.06
10	Transmission charges of KPTCL	254.38
11	SLDC Charges	1.52
	Power Purchase Cost including cost of transmission	2387.96
12	Employee Cost	293.99
13	Repairs & Maintenance	28.44
14	Admin .& General Expenses	41.77
	Total O&M Expenses	364.20
15	Depreciation	90.66
	Interest & Finance charges	
16	Interest on Loans	51.85
17	Interest on Working capital	73.40
18	Interest on belated payment on PP Cost	92.45
19	Interest on consumer deposits	29.91
20	Other Interest & Finance charges	0
21	Less interest capitalised	0.83
	Total Interest & Finance charges	246.78
22	Other Debits	25.87
23	Net Prior Period Debit/Credit	-7.07
24	Return on Equity	76.04
25	Provision for taxation	-5.97
26	Funds towards Consumer Relations/Consumer Education	0
27	Other Income	77.96

28	ARR	3100.51
29	Regulatory asset for FY13	-127.93
	Net ARR	3228.44

Considering the revenue of Rs.2850.04 Crores against an ARR of Rs.3228.44 Crores, GESCO has reported a gap in revenue of Rs.378.40 Crores for FY13.

4.2 GESCO's Financial Performance for FY13

An overview of the financial performance of GESCO for FY13 as per their Audited Accounts is given below:

TABLE 4.2
Financial Performance of GESCO for FY13

Amount in Rs.Crs		
Sl. No.	Particulars	FY13
	Receipts	
1	Revenue from Tariff and misc.charges	158457
2	TariffSubsidy	1265.47
3	Total Existing Revenue	2850.04
	Expenditure	
4	Power Purchase Cost	2132.06
5	Transmission charges of KPTCL	254.38
6	SLDC Charges	1.52
7	Power Purchase Cost including cost of transmission	2387.96
8	O&M Expenses	36440
9	Depreciation	90.66
	Interest & Finance charges	
10	Interest on Loans	51.85
11	Interest on Working capital	0
12	Interest on belated payment on PP Cost	165.85
13	Interest on consumer deposits	29.79
14	Other Interest & Finance charges	0
15	Less interest and other expenses capitalized	0.83
16	Total Interest & Finance charges	246.66
17	Other Debits	25.80
18	Net Prior Period Debit/Credit	7.08
19	Income tax	-5.97
20	Other Income	77.96
21	Total Expenditure	3038.63

As per the Audited Accounts GESCOM has incurred a loss of Rs.188.59 Crores for FY13. The profit/losses reported by GESCOM in its audited accounts in the previous years are as follows:

Particulars	Amount in Rs.Crs
Accumulated loss as at the end of FY10	(216.60)
Profit earned in FY11	61.30
Loss incurred in FY12	(4.62)
Losses incurred in FY13	(188.58)
Accumulated Losses as at the end of FY13	(348.50)

As reflected in the Balance Sheet for FY13, considering profit/losses of the Company in the previous years, the accumulated losses amount to Rs.348.50 Crores.

The Annual Performance Review for FY13 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 30th April, 2012. The item wise review of expenditure and the decisions of the Commission thereon are as discussed in the following paragraphs:

I) Sales for FY13:

The Commission in its Tariff Order dated 30th April 2012 had approved total sales to various consumer categories at 599 MU for FY13 as against projected sales of 5958 MU by GESCOM. The Actual sales of GESCOM as per the current filing were 5724 MU for the year indicating a shortfall in sales to the extent of 270 MU compared to the approved sales.

It is noted that, as against the approved sales of 3032 MU to categories other than BJ/KJ and IP sets, the actual sales achieved by GESCOM is only 2638 MU, resulting in a shortfall of sales to these categories by 394 MU compared to approved sales. On the other hand the sales to BJ/KJ and IP category have exceeded the approved sales of 3086 MU by 123 MU showing an increase of 6.1% as against approved growth of 2.9%.

The category wise sales approved by the Commission and the actuals for FY13 is indicated in the table below

TABLE 4.3
Category wise Approved and Actual Sales for FY13

Category	Approved	Actuals	Figures in MU
			Approved - Actuals
LT-2a	921.53	772.58	148.95
LT-2b	8.29	7.03	1.26
LT-3	247.15	216.86	30.29
LT-4b	7.22	13.63	-6.41
LT-4c	1.37	3.99	-2.62
LT-5	183.96	163.10	20.86
LT-6	144.20	126.14	18.06
LT-6	208.73	139.61	69.12
LT-7	24.48	17.02	7.46
HT-1	72.54	73.88	-1.34
HT-2a	1072.16	956.25	115.91
HT-2b	55.19	52.98	2.21
HT-3a & b	66.25	75.94	-9.69
HT-4	18.5	15.78	2.72
HT-5	0	3.29	-3.29
Sub total	3031.57	2638.08	393.49
BJ/KJ	137.15	127.87	9.28
IP	2825.77	2958.35	-132.58
Sub total	2962.92	3086.22	-123.30
Grand total	5994.49	5724.30	270.19

* Includes 19.28MU of BJ/KJ installations consuming more than 18 units / month

The Commission notes that one of the reasons for short fall in sales to categories other than BJ/KJ and IP Sets, is the reduced availability of power from the hydro and thermal generating stations of Karnataka Power Corporation Ltd., (KPCL). As against the power purchase quantum of 7753MU approved for GESCOM in FY13, the actual procurement was 7356MU, a reduction of 398MU for GESCOM. This shortfall in procurement

is mainly on account of the reduced availability from the hydel and thermal generating units of KPCL. However within the available energy GESCO has not maintained the sales mix as approved by the Commission. GESCO has not been able to increase consumption in the metered category of consumers to the extent approved by it while the consumption by the unmetered categories has far exceeded the projections.

i) Sales to IP Sets:

The specific consumption of IP Sets approved by the Commission for FY13 was 9708 units/installation/annum, whereas the specific consumption arrived at on the basis of the consumption reported by GESCO works out to 9903 units/installation/annum which indicates a higher consumption of 195 units/installation/annum. The sales quantity approved by the Commission for FY13 was 2825.77 MU, and the actual consumption was 2958.35 MU. Thus, the quantum of sales to IP Sets category has exceeded by 132.58 MU.

The Commission had raised the issue of increase in specific consumption and sales to IP Sets category with GESCO in its preliminary observations and sought clarifications from GESCO. GESCO, while replying to the preliminary observations has stated that, the power consumption of un-authorized IP Sets regularized during FY13 was not taken into consideration while approving the ARR of FY13 and this is the reason for under estimation of sales to this category. GESCO has requested the Commission to approve the increase in sales as reflected in the books of accounts of GESCO, which is the result of increase in number of IP Sets due to the regularization of un-authorized IP Sets.

It is noted that, GESCO has regularized around 318 un-authorized IP Sets during FY13 which were not taken into consideration while approving the ARR of FY13. However, this number itself does not explain the increase in

the assessed power consumption of IP Sets. The reason for increase in total consumption as well as the specific consumption of IP Sets is perhaps the extra hours of power supply to IP Sets consumers by GESCOM. Further, it is observed that, the GESCOM is yet to restrict power supply to IP Sets consumers even on exclusive agriculture feeders which are segregated under NJY scheme.

During the year under review, 48 agriculture feeders have been segregated from rural loads under NJY scheme and as per the latest progress around 76 agriculture feeders in Phase-1 and Phase-2 have been commissioned. This means that energy consumed by the IP Sets can be more accurately measured at the 11kV feeder level at the Sub-Stations after duly allowing for 11kV and LT system losses. As the meter readings are now available at the 11kV feeder level, GESCOM henceforth shall consider these readings and report the actual IP Sets consumption on the basis of data from feeder meters. In the absence of 100 per cent metered data of IP Sets, the Commission decides to accept the sales to IP Sets for FY13 as 2958.35 MU as furnished by GESCOM.

Thus the Commission considers the actual sales of 5724.30 MU for the purpose of approval of APR for FY13.

ii) Distribution Losses for FY13:

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The Commission, in its Tariff Order dated 30 April, 2012 had approved distribution losses for FY13 shown in the table below:

Figures in %

Range	FY13
Upper limit	20.00%
Average	19.50%
Lower Limit	19.00%

GESCOM has reported distribution losses of 18.97% in its annual accounts.

1	Energy at Interface Points in MU	7064
2	Total sales in MU	5724
3	Distribution losses as a percentage of input energy at IF points	18.97

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The distribution losses of 18.97% reported by GESCOM are below the range of distribution losses approved by the Commission for FY13. Hence the Commission in accordance with the provisions of the MYT Regulations, has allowed incentives to the extent of savings below the lower range of approved distribution losses as follows:

TABLE 4.4

Allowable Incentives on account of reduction in distribution losses in FY13

Particulars	FY13
Power purchase in MU	7356
Cost of power purchase in Rs.Crs	2387.96
Average cost of power purchase in Rs/Unit	3.25
Actual Energy at IF points in MU	7064.42
Energy sold in MU	5724
Actual distribution losses in MU	1340
Actual distribution losses in %age	18.97%
Approved distribution losses	
Upper limit	20.00%
Average	19.50%
Lower limit	19.00%
Difference between actual and approved upper limit of losses	0.03%
Power purchase at approved loss levels at IF points in MU	7067.04
Decrease in power purchase in MU	2.62
Incentive for decreased losses below the approved range of losses in Rs.Crs.	0.85
70% of incentive to be retained by GESCOM in Rs.Crs.	0.59

The Commission decides to factor this incentive of Rs.0.59 Crores to be included in the ARR of FY13.

iii) Power Purchase for FY13:

On a review of the actual power purchase by all the ESCOMs in the State for FY13, the Commission notes that:

- i. The actual energy procured during FY13 was 5705.19 MU as against the approved quantum of 60638 MU. The shortfall is 328 MU.
- ii. The Commission in its Tariff Order dated 30 April, 2012, had approved 48.13% of the total procurement to be from the Hydro and Thermal sources of KPCL. However, as per the actuals, the KPCL energy amounted to only 39.05%
- iii. As against the targeted quantum of 29187 MU, KPCL has supplied only 22278 MU resulting in a shortfall to an extent of 6908 MU. The shortfall in hydel generation is 1961 MU and in Thermal sources is 4947 MU.
- iv. Due to the short fall in the supply of energy from KPCL, ESCOMs had to resort to purchase of a higher proportion of their energy from Short term/Medium term sources to meet the demand. As against an approved quantum of 8710 MU out of 60638 MU as approved (14.36%), the actual power procurement from these sources was 11042 MU out of 5705.19 MU (19.36%), an increase of 2332 MU.
- v. On analyzing purchase of power from sources other than KPCL sources, it is observed that as against an approved quantum of 31451 MU the ESCOMs have procured 34778 MU, an increase of 3327 MU. This additional procurement is made at an average cost of Rs.4.39 / unit.
- vi. Further, owing to the reduced availability of energy even after resorting to short/medium term purchases, ESCOMs have ended up with lower sales for FY13. This change in the matrix of source wise supply procured by all ESCOMs taken together has resulted in the average power purchase cost of Rs.3.59 per kWh as against Rs.3.20 per kWh as approved, an increase of 0.39 paise per unit. The

approved and actual source wise supply and corresponding overall cost of power purchase by ESCOMs is indicated in the following table:

TABLE - 4.5
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Sl.No.	Source of Power	Approved			Actuals		
		Quantum in MU	Cost Rs.in Crs.	Average Cost in Rs./KWh	Quantum in MU	Cost Rs.in Crs.	Average Cost in Rs./KWh
1	KPCL Hydel	11824.56	664.26	0.56	9863.77	606.75	0.62
2	KPCL Thermal	17362.21	4995.44	2.88	12414.69	4615.96	3.72
3	CGS	11404.72	3435.68	3.01	11459.01	3104.35	2.71
4	IPP Major	5639.22	2112.60	3.75	601509	2540.28	4.22
5	NCE & IPP Minor	5425.05	1910.23	3.52	5528.84	1900.58	3.44
6	Short term / Medium term	8710.33	3881.09	4.46	10827.50	5028.91	4.64
7	Others	272.01	59.09	2.17	952.75	413.36	4.34
8	Transmission	0.00	2360.06	0.39		2278.32	0.40
9	Total	60638.10	19418.46	3.20	57056.19	20488.51	3.59

vii. In the Tariff order dated 30th April 2012, the Commission had approved the source wise quantum and cost of power purchase for FY13. In its tariff application ESCOM has submitted power purchase data in D1 format and in the Audited Accounts for FY13. A comparison of the actual power purchase cost against the source wise approved cost for ESCOM for FY13 is shown in the following table:

TABLE 4.6
 Comparison of Generation Capacity for FY 2013 with FY 2012

Sl.No.	Source of Power	Approved			Actuals		
		Quantum in MU	Cost Rs.in Crs.	Average Cost in Rs./KWh	Quantum in MU	Cost Rs.in Crs.	Average Cost in Rs./KWh
1	KPCL Hydel	2485.11	136.57	0.55	2102.36	144.60	0.69
2	KPCL Thermal	2242.84	589.12	2.63	1674.45	604.73	3.61
3	CGS	151227	455.57	3.01	1561.18	419.85	2.69
4	IPP Major	747.76	280.13	3.75	450.27	397.18	4.86
5	NCE & IPP Minor	637.50	224.99	3.53	816.58	169.69	3.77
6	Short term / Medium term	91.47	41.16	4.50	229.43	136.30	5.94
7	Others	36.07	7.83	2.17	521.44	216.99	4.16
8	Transmission		312.97	0.40		298.62	0.40
9	Total	7753.02	2048.34	2.64	7355.71	2387.96	3.25

viii. The actual procurement of energy for FY13 was 7355.71 MU as against the approved quantum of 7753.02 MU. GESCO could achieve sales of 5724 MU only, against the approved quantum of 5994 MU. The reduction in supply as indicated above has resulted in reduced overall sales of GESCO by 270 MU.

ix. KPCL Hydel supply to GESCO has come down to 2102.36 MU from the approved quantum of 2485.11 MU and KPCL Thermal power has come down to 1674.45 MU from the approved quantum of 2242.84 MU. The reduction in KPCL generation has resulted in GESCO procuring more power from other comparatively costlier sources, resulting in increase of overall power purchase cost by 51 paise per unit.

The Commission having recognized the above facts, decides to consider the actual power purchase by GESCO of 7355.71 MU

costing Rs2387.96Crores for FY13 for the purpose of APR. The RPO compliance by GESCOM will be dealt separately by the Commission.

iv) Operation and Maintenance Expenses:

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In its application for APR, GESCOM has claimed an amount of Rs.364.20 Crores towards O&M expenditure for FY13 as follows:

TABLE 4.7

O&M Expenses ; 9 G 7 C A Ñ g ` G i V a] g g] c b

Amount in Rs.Crs	
Repairs and Maintenance	28.44
Employee Costs	293.99
Administrative and General expenses	41.77
O&M expenses	364.20

7 c a a] g g analysis and decisions:

The Commission had approved O&M expenses for FY13 considering the actual O&M expenses of FY10 (base year for control period FY11-13), 3 year CAGR of growth in the number of installations and the rate of inflation as notified by CERC. The approved O&M expenses were as follows:

TABLE 4.8

Approved O&M Expenses as per Tariff Order dated 30.04.2012

Amount in Rs.Crs.	
Particulars	FY13
No. of installations as per actuals as per Audited Accts	2502635
Weighted Inflation Index	5.17%
CGI based on 3 Year CAGR (using actuals of FY10 for FY12)	4.74%
Normative O&M expenses for FY12	214.25
O&M Index = $O\&M_{(t-1)} * (1 + WII + CGI - X)$	231.03
Additional O&M expenses (uncontrollable)	36.91
Total Approved O&M Expenses for FY13	267.94

The Commission in its earlier Orders on APR of FY11 and FY12 under the second control period of FY11-13, has considered the rate of inflation as determined by CERC from time to time. Further, the Commission has also 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 new 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. FY13 being the last year of the second control period, the Commission decides to retain the same methodology for APR of FY13 as followed in APR of FY11 and FY12. Thus, the normative O & M expenses for FY13 will be as follows:

TABLE 4.9
Normative O & M Expenses for FY13

Particulars	FY13
No. of Installations as per actuals as per Audited Accts	2439319
Weighted Inflation Index	5.93%
CGI based on 3 Year CAGR (Using actuals of FY10 for FY13)	3.56%
Normative O & M expenses for FY12 (Considering actual O&M expenses of FY10 without P&G contribution) Rs.Crs.	196.78
O&M Index = $O\&M (t-1) * (1 + WII + CGI - X)$ Rs.Crs.	211.53

The above normative O & M expenses have been computed without considering the revision of pay and contribution to pension and gratuity trust. However, considering the 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 FY13 as follows:

TABLE 4.10
Approved Uncontrollable O & M Expenses

Amount in Rs.Crs.

Particulars	FY13
Basic salary @ 3% increase from FY10	81.01

Increase in pay @ 25%	20.25
DA @ 76.75%	15.54
HRA on increase in pay	1.34
Increase in HRA due to Revision	0.88
Total Increase in Pay due to revision of pay from 01.04.2011	38.01
P&G Contribution for FY13 as per AA 13	91.65
Total Uncontrollable O&M Expenses -FY13	129.66

Thus, the allowable O & M expenses for FY13 will be as follows:

TABLE 4.11
Allowable O & M Expenses for FY13

		Amount in Rs.Crs.
Sl. No.	Particulars	FY13
1	Normative O & M expenses	211.53
2	Additional employee cost (uncontrollable O & M expenses)	129.66
3	O & M expenses for FY13	341.19

The Commission decides to allow O & M expenses of Rs.341.19 Crores for FY13.

Depreciation:

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GESCOM, as per its Audited Accounts has claimed an amount of Rs90.66 Crores towards depreciation.

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Depreciation has been 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 block of fixed assets for FY13 and depreciation as per the audited accounts, the weighted average rate of depreciation works out to 4.54%.

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 Appeal No.108/2010, a consequential order has been issued by the Commission on 17th October, 2013 directing the ESCOMs to draw up the Annual Accounts in accordance with Companies Act 1956 and comply with the applicable accounting standards issued by the Institute of Chartered Accountants. Hence, the Commission in its preliminary observations has sought the details of depreciation on assets created out of Contribution / Grants.

GESCOM in its replies to the preliminary observations dated 16 January, 2014, has furnished projected data of depreciation on assets to be created by consumer contribution / grants during FY14FY16. However, GESCOM has not furnished data of depreciation on assets created during FY13. Hence, considering the opening and closing balances gross fixed assets created out of consumer contribution/grants as per Audited Accounts for FY13, the allowable depreciation for FY13 is determined as follows:-

TABLE 4.12
 Allowable depreciation for FY13

Amount in Rs.Crs.				
Particulars	Closing Balance of Asset as on 31.03.2012	Depcn	Rate of Depcn	Closing Balance of Asset as on 31.03.2013
Buildings	22.60	0.78	3.30%	24.72
Civil	3.36	0.18	5.20%	3.56
Other Civil	1.08	0.04	3.49%	1.21
Plant & Machinery	364.70	18.18	4.84%	385.9
Line, Cable Network	1485.31	71.16	4.49%	1684.93
Vehicles	3.71	0.06	1.58%	3.90
Furniture	3.43	0.15	4.26%	3.61
Office Equipments	2.23	0.11	4.68%	2.48
Total	1886.42	90.66	4.54%	2110.30
Less Depreciation on assets created out of consumer contribution and grants withdrawn	427.06	21.20	4.54%	507.76

Net Depreciation for FY13.		69.46	
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Thus the Commission decides to allow the depreciation of Rs.69.46 Crores for FY13.

v) Prudence Check of Capital Investment for the control period FY10 to FY12:

In its Tariff Orders for the years FY10 and FY12, the Commission had approved a total capital expenditure of Rs.1861.38Crores forGESCOM . The year-wise expenditure incurred by GESCOM against the approved capex is shown in the following Table:

TABLE 4.13
Performance of capex | FY10 to FY12

Particulars	Amount in Rs.Crs		
	FY10	FY11	FY12
Capital Investment Proposed & Approved	768.68	520.00	572.7
Capital Investment actually incurred (Figures as per Annual Report)	269.19	145.55	179.15
Short fall	499.49	374.63	393.35
% Achievement	35.02	27.96	31.83

While determining the tariff for FY14, the Commission had taken up prudence check of the capital expenditure incurred by GESCOM for the period FY10 to FY12. For this purpose the Commission had engaged the services of M/s. Dhiya Consulting Pvt. Ltd., as consultant, initially to evaluate major works costing more than Rs.50 Lakhs each, taken up as part of capital expenditure during the above period. The consultants had then identified 94 works and reviewed 37 works each costing above Rs. 50 lakhs and had carried out prudence check, the report of which was available to the Commission before finalizing the Tariff Order for FY14. Considering the quantum of capex incurred and the number of works costing more than Rs50 lakhs, the Commission decided to extend the scope of the prudence check to ensure that a larger sample of works of a more representative nature was evaluated by the consultants before deciding on the prudence of the capital expenditure incurred during the three years.

Since separate consultants were engaged for evaluating the works of each of the ESCOMs, the Commission felt that, there was a need to have common guideline for prudence check. In this regard, the Commission, after due consultation with the ESCOMs finalised the guidelines to be adopted for prudence check. These guidelines include different aspects of the execution of works like planning, implementation and analysis of post completion results. These aspects of evaluation were to be graded by assigning marks and the prudence of the capex of a particular work decided on the basis of such grading .

Continuing from the earlier prudence check exercise, M/s. M/s. Dhiya Consulting Pvt. Ltd. was requested to:

- i. To examine a more representative and larger sample of works in two categories, viz., (a) works costing more than Rs.10 Lakhs; and (b) those costing less than the said amount, in each case.
- ii. To evaluate different types of works duly covering the entire geographical area of the ESCOMs.
- iii. To ensure that substantial capex of atleast 50% is included in the category of works costing more than Rs.10 lakhs each.
- iv. Only completed capital works were to be covered, as works in progress could not be valued with reference to the objectives and the completed cost of the works.

Some major projects such as Niranthara Jyothi Yojana (NJY) had to be excluded from the scope of the prudence check, even though capital expenditure was incurred on these projects, as the implementation of these projects, had not reached a stage at which prudence check of these projects could be taken up. Expenditure on these projects will therefore be subjected to prudence check while carrying out the APR of subsequent years.

Adopting the above methodology and including the sample that was covered during the initial prudence check referred to above:

- i. The consultants examined 81 works costing more than Rs.10 Lakhs and 42 works costing less than Rs.10 Lakhs executed by GESCO during the three years covered by the prudence check.
- ii. Out of 81 works, costing over Rs.10 Lakhs each checked by the consultants (with a total cost of Rs.38.86 Crores), it was found that 9 works costing Rs.7.247 Crores did not meet the norms of prudence as stipulated in the guidelines issued by this Commission.
- iii. Out of sample of 42 works (costing Rs.87 lakhs), in the category of works costing less than Rs.10 Lakhs considered for prudence check, all works were found to be meeting the norms of prudence as stipulated in the guidelines issued by this Commission.

The consultants find that the works executed by GESCO are predominantly minor in nature, with as many as 1655 works of less than Rs.10 Lakhs being executed in the three years between FY10 and FY12. The completed capital works of more than Rs.10 Lakhs numbered only 157, excluding civil works and IT projects, which were not taken up for prudence check.

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

Particulars	Nos.
Number of works costing more than Rs.10 lakhs for which prudence check was carried out.	81
Number of works completed with delay of less than a year	6
Number of works completed with delay of more than a year	17

The total number of capital works which were eligible for prudence check was 157 in the category of works costing above Rs.10 Lakhs each (awarded cost as per LOA of Rs.736.33 Crores) and 11655 works in the category of works costing less than Rs.10 Lakhs (awarded cost as per LOA of Rs.134.54 Crores). The actual capital expenditure incurred by GESCO during the period FY10 to FY12 was Rs.593.89 Crores. The total cost of the works which formed part of the sample for prudence check was amounted to Rs.539.73 Crores, out of which works costing Rs.17.25 Crores were found not meeting the norms adopted for the purpose of prudence check.

In view of the above findings, the Commission has considered the remarks of GESCO on the findings of the prudence check. The Commission has considered the remarks and have decided to accept the findings of the consultants as given in their Report. Extrapolating the finding that works involving an expenditure of Rs.17.247 Crores out of the sample works costing Rs.539.73 Crores are not meeting the norms of prudence, the Commission has decided that 3.19% of the expenditure of Rs.593.89 Crores incurred on completed works eligible for prudence check during the above period should be tentatively disallowed pending further clarifications from GESCO. The Commission therefore disallows Rs.18.98 Crores of the capital expenditure incurred during the period and reduces the allowable interest on loans and depreciation on the disallowed works amounting to Rs.2.34 Crores from the APR of FY13 as shown in the following table

TABLE 4.14

Summary of the prudence check for FY10 to FY12

Particulars	Amount in Rs.Crs.
Total cost of capex eligible for prudence check	593.89
Total cost of the sample works	539.73
Cost of sample works meeting prudence norms	522.48
Cost of sample works not meeting prudence norms	17.247

Percentage of cost not meeting prudence norms	3.195
Overall cost of capex not meeting prudence norms	18.98
Amount to be disallowed towards works not meeting prudence norms calculated on the basis of weighted average rate of interest & weighted average rate of depreciation on the capex to be disallowed.	2.34

However, the Commission decides to provide another opportunity to GESCOM to furnish additional information on the works relating to the capital expenditure so disallowed, which will be considered by the Commission for any modification of its decision to disallow the capital expenditure which will be included in the APR of subsequent years.

vi) Capital Expenditure of GESCOM for FY13:

GESCOM has reported a capital expenditure of Rs.293.17 Crores as against the amount of approved Capex of Rs.466.67 Crores for FY13. The following table indicates the details of actual expenditure incurred in FY13 as against the approved Capex.

TABLE 4.15
Capital Works as Approved and Actual expenditure for FY13

Amount Rs.in Crs.			
Sl. No.	Schemes	Approved	Actual Expenditure
1	33kV Substation/Line works including augmentation/Replacement	42.50	131.51
2	33kv/11 KV Lines for New Stations	25.50	-
3	Re-conducturing of 33/11KV lines	13.00	-
4	NJY	101.00	98.18
5	Providing infrastructure to Un authorized IP Sets	14.00	-
6	Metering Programme		-
7	Metering of BJ/KJ, IP Sets and Street Lights (Un-metered category)	2.00	-
8	Metering of DTCs	34.00	-
9	Replacement of MNR meters	7.00	-
10	RAPDRP	132.00	1.22
11	Service connections	11.00	3.14
12	Providing ABC/UG Cables & RMUs	1.50	-
13	GGVY	25.00	0.17
14	Water Supply Works	6.00	1.76
15	Providing new DTCs	12.50	-
16	Replacement of failed DTCs by new ones	3.00	43.14
17	Civil Engineering works, DSM & Others	5.00	1.27
18	RE Works (General)		-
19	Electrification Hamlets/Villages	5.00	1.82
20	SCP/TSP		10.25
21	Electrification of Hamlets/HBs/JCs/Thandas	0.65	-
22	Energisation of IP Sets	1.50	-
23	Ganga Kalyan	20.00	-
24	Prevention of Electrical Accidents	0.50	-
25	IT/SCADA	4.00	0.7
26	T&P and Computers	0.02	0.01
Total		466.67	293.17

The Commission notes that, GESCOM has not been able to achieve the capex proposed for FY13. However, it is observed that GESCOM has spent three times more than the proposed capex on creation of 33 KV substation / line works. Further, GESCOM has utilized capex as proposed for works under NJY. Also, while an amount of Rs.3.00 Crores was earmarked for replacement of failed DTCs, GESCOM has actually incurred Rs.43.14 Crores. The Commission is of the view that, capex

proposals are to be prepared on a more realistic basis to achieve intended objectives. GESCO should seek approval of the Commission for any excess capex beyond the approved levels. However, for the present, the Commission decides to allow the actual capex of Rs.293.17 Crores for FY13 subject to prudence check.

vii) Interest and Finance Charges

a) Interest on loan:

9 G 7 C A Ñ g ' G i V a] g g] c b .

GESCO has claimed an amount of Rs51.85Crores towards interest on loans on an opening balance of loan of Rs.477.15 Crores and a closing balance of Rs.454.81Crores.

7 c a a] g g] n a l y s i s a n d d e c i s i o n s :

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

TABLE 4.16
Allowable Interest on Loans for FY13

Amount in Rs.Crs.

Particulars	FY13
Opening Balance of Secured Loans	477.17
Opening Balance of Unsecured Loans	0
Total	477.17
Less Short term loans	0.00
Less Interest accrued & dues	0.00
Long term secured & unsecured loans	477.17
Add new Loans	86.47
Less Repayments	108.81
Total loan at the end of the year as filed	454.83
Average loan as per filing	466.00
Average Loan	466.00
Interest paid on long term loans	51.85

Weighted average rate of interest based on the actual interest paid on long term loans in %	11.13%
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Considering the average loan of Rs.466 Crores and an amount of Rs.51.85 Crores incurred towards interest on long term loans, the weighted average rate of interest works out to 11.13%. This weighted average rate of interest incurred by GESCOM is comparable with the prevailing rates of interest and hence the Commission decides to allow the actual interest of Rs.51.85 Crores for FY13.

viii) Interest on Working Capital:

9 G 7 C A Ñ g ` G i V a] g g] c b .

GESCOM has claimed an amount of Rs.73.40Crores towards interest on working capital.

7 c a a] g g] n a l s e g a n d d e c i s i o n s :

As per audited accounts, GESCOM has not incurred interest on short term borrowings during FY13.

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 FY13 as follows:

TABLE 4.17

Allowable Interest on Working Capital for FY13

Particulars	Amount in Rs.Crs	
	FY13	
One -twelfth of the amount of O&M Exp.	28.43	
Opening GFA as per Audited Accts	1892.45	
Stores, materials and supplies 1% of Opening balance of GFA	18.92	
One-sixth of the Revenue	453.69	
Total Working Capital	50104	
Computation of working capital interest		
Rate of Interest (% p.a.)	11.75%	

Normative Interest on Working Capital	58.87
Actual WC as per accts	0
Allowable Interest on Working Capital	29.44

Thus the Commission decides to allow an amount of Rs.29.44 Crores towards interest on working capital for FY13.

- ix) Interest on Consumer Deposits:
 ; 9 G 7 C A Ñ g ` G i V a] g g] c b .
 GESCOM has claimed an amount of Rs.29.9 Crores towards payment of interest on security deposit for FY13. However, as per Audited Accounts, the interest on consumer deposits is Rs.29.79 Crores.

7 c a a] g g] n a l s e a n d d e c i s i o n s :

The Commission notes that, the interest on consumer deposits amounting to Rs.29.79 Crores claimed by GESCOM works out to a weighted average rate of interest of 9.41%. 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, 2012 was 9.5%. Hence, the Commission decides to allow an amount of Rs.29.79 Crores towards interest on consumer deposits for FY13.

Further, GESCOM in its Audited Accounts has indicated an amount of Rs.0.83 Crores as capitalization of interest for FY13. The Commission decides to allow the same.

Thus the allowable interest and finance charges for FY13 are as follows:

TABLE 4.18
 Allowable Interest and Finance Charges for FY13

Sl. No.	Particulars	Amount in Rs.Crs.
		FY13
1.	Interest on Loans	51.85
2.	Interest on working capital	29.44
3.	Interest on consumer deposits	29.79
4.	Less interest capitalised	0.83
	Total interest and finance charges	110.24

x) Other Debits:

GESCOM Ñ g ` G i V a] g g] c b .

GESCOM in its application has claimed an amount of Rs.25.87 Crores towards other debits as detailed below:

TABLE 4.19

Other Debits ; 9 G 7 C A Ñ g ` G i V a] g g] c b .

Amount in Rs.Crs.

Sl No	Particulars	FY-13
1	Material cost variance	19.93
2	Miscellaneous losses and write offs	4.84
3	Others	1.10
	Total	25.87

7 c a a] g g] c b Ñ g ` U b U ` m g] g ` U b X ` 8 Y W] g] c b g .

On a review of the data as per the audited accounts, the Commission notes that GESCOM has incurred other debits of Rs.25.80 Crores. This includes an amount Rs.19.93 Crores on material cost variance, miscellaneous losses and write off of Rs.4.84 Crores. The Commission decides to allow an amount of Rs.25.80 Crores as other debits for FY13.

xi) Net Prior Period Charges:

; 9 G 7 C A Ñ g ` G i V a] g g] c b .

GESCOM has claimed an amount of Rs.7.07 Crores towards Net Prior Period credit.

7 c a a] g g] c b Ñ g ` U b U ` m g] g ` U b X ` X Y W] g] c b g .

As per the Audited Accounts, the prior period debit on account of employee costs, depreciation, A&G expenses and other expenses are Rs.30.25 Crores. Further the prior period credit of Rs.23.17 Crores is on account of excess provision of interest, depreciation, other excess

provision in prior period and other income relating to prior period. Hence the Commission decides to allow a net prior period charges of Rs.7.08 Crores for FY13.

xii) Return on Equity:

; 9 G 7 C A Ñ g ` G i V a] g g] c b .

GESCOM has claimed Return on Equity of Rs.76.04 Crores for FY13

7 c a a] g g] c b Ñ g ` U b U ` m g] g ` U b X ` X Y W] g] c b g .

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 Return on Equity at 15.5% on equity plus reserves and surplus besides allowing taxes as per actuals. The allowable RoE for FY13 is determined as follows:

TABLE 4.20
Allowable RoE for FY13

Particulars	Amount in Rs.Crs.	
		FY13
Paid Up Share Capital		305.14
Share Deposit		159.06
Carried forward Profit/losses on 31.03.2012		-159.92
Equity		304.28
RoE @ 15.50%		47.16

Thus the Commission decides to allow an amount of Rs.47.16 Crores as Return on Equity for FY13.

xiii) Provision for taxation:

As per the Audited Accounts, GESCOM has claimed income tax credit of Rs.5.97 Crores on account of Minimum Alternate Tax (MAT) credit entitlement. The Commission decides to allow the same for FY13

xiv) Other Income:

GESCO A ĩ g ĩ G i V a] g g] c b .

As per the Audited Accounts, an amount of Rs.77.96 Crores is shown as Other Income during the year FY13.

7 c a a] g g] c b ĩ g ĩ U b U ĩ m g] g ĩ U b X ĩ X Y W] g] c b g .

As per the audited accounts, the other income for FY13 of Rs.77.96 Crores includes income from interest on advance , sale of scrap, rent from staff quarters, incentives on timely payment to generating companies and miscellaneous recoveries.

It is observed that GESCOM has received a total incentive of Rs.13.73 Crores due to prompt payment to generators. The Commission notes that timely payment to Generators is as agreed in the power purchase agreements. The incentive earned for such timely payments is further translated as savings in the cost of power purchase. Providing incentives on such financial prudence is required, to encourage ESCOMs to be disciplined in payments to generators without incurring cost of interest on belated payment as being reported in their accounts.

It is pertinent to recognize the focus of the Tariff Policy wherein it states that,

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solvent is the key to success of power sector reforms and provision of services of specified standards. Therefore, the Regulatory Commissions need to strike the right balance between the requirements of the commercial viability of distribution licensees and consumer interests. Loss making utilities need to be transformed into profitable ventures which can raise necessary resources from the capital markets to provide services of international standards to

enable India to achieve its full growth potential. Efficiency in operations should be encouraged. Gains of efficient operations with reference to normative parameters should be appropriately shared

The Commission is of the view that timely payments to generators and earning incentives in the form of rebate under the terms of PPA need to be encouraged even though G ESCOM is bound to endeavor to make prompt payments as a normal prudence in financial management.

Hence, the Commission decides to allow 10% of the total incentive amounting to Rs.1.37 Crores on account of prompt payment of power purchase to be retained by G ESCOM for FY13. Thus after deducting the incentive of Rs.1.37 Crores, the Commission decides to allow an amount of Rs.76.59 Crores as other income for FY13.

Order in Case No.B/06/9 dated 17th October 2013:

As per this Order, the Commission had decided to adjust the advance against depreciation provided during FY10 in the APR for FY13. Hence, an amount of Rs.20.56 Crores is adjusted in the APR for FY13.

xv) Prior Period Subsidy:

GESCOM has indicated an amount of Rs.127.93 Crores of subsidy pertaining to previous years is factored as revenue in FY13.

The Commission has noted that prior period subsidy in any year cannot be considered as revenue of that year as the accounting of revenue is carried out on accrual basis. Hence, the Commission decides to factor

and deduct an amount of Rs.127.93 Crores as prior period subsidy out of revenue in the APR of FY13.

xvi) Abstract of Approved ARR for FY13:

As per the above item wise decisions of the Commission, the consolidated Statement of ARR for FY13 is as follows:

TABLE 4.21
Approved ARR for FY13 as per APR

Sl. No	Particulars	FY13		
		As Appd 30.04.2012	As Filed	As per APR
	Revenue at existing tariff			
1	Revenue from tariff and Misc Charges	1598.54	1703.83	1584.57
2	Tariff Subsidy	1101.60	1146.21	1137.54
	Total Revenue	2700.14	2850.04	2722.11
	Expenditure			
3	Power Purchase Cost	1790.93	2132.06	2132.06
4	Transmission charges of KPTCL	254.43	254.38	254.38
5	SLDC Charges	2.96	1.52	1.52
	Power Purchase Cost including cost of transmission	2048.32	2387.96	2387.96
6	Employee Cost		293.99	
7	Repairs & Maintenance		28.44	
8	Admin & General Expenses		41.77	
	Total O&M Expenses	267.94	364.20	341.19
9	Depreciation	86.42	90.66	69.46
	Interest & Finance charges			
10	Interest on Loans	97.17	51.85	51.85
11	Interest on Working capital	56.16	73.40	29.44
12	Interest on belated payment on PP Cost	0	92.45	0
13	Interest on consumer deposits	15.70	29.91	29.79
14	Other Interest & Finance charges	0	0	0
15	Less interest capitalised	0	0.83	0.83

	Total Interest & Finance charges	169.03	246.78	110.24
16	Other Debits	0	25.87	25.80
17	Net Prior Period Debit/Credit	0	-7.07	7.08
18	Return on Equity	76.04	76.04	47.16
19	Power Purchase cost related to OP No.8/2009 dated 11.12.2009	0.76	0	0.76
20	Provision for taxation	0	-5.97	-5.97
21	Funds towards Consumer Relations/Consumer Education	0.50	0	0
22	Other Income	18.25	77.96	76.59
23	ARR	2630.76	3100.51	2907.10
24	Unmet gap of FY12	-19.38		
25	Deduction of AAD -Case No.B/06/9td.17.10.2013			20.56
26	Regulatory asset for FY13	-5000	-127.93	0
27	Incentives for reduction in distribution losses			0.59
28	Amount disallowed on account of prudence check of capex FY10\ FY12			2.34
	Net ARR	2700.14	3228.44	2884.79

xvii) Gap in Revenue for FY13:

As against an approved ARR of Rs.2700.14Crores, the Commission after the Annual Performance Review of GESCO decides to allow an ARR of Rs.2884.79Crores for FY13. Considering the revenue of Rs.2722.11Crores, a deficit of Rs.162.68Crores is determined for the year FY13

The ARR of Rs.2884.79 Crores for FY13 in relation to the total sales of 5724 MU during the year, results in the average cost of supply per unit sold of Rs.5.04 per unit. As against this, the revenue realized from all categories of sales at Rs.2722.11 Crores, including subsidy paid by Government, works out to an average revenue realization of Rs.4.76 per unit. Thus, there is a deficit of Rs.162.68 Crores which also includes the cost of providing supply of 104.03 MU in excess of quantity included in the ARR to IP Sets and BJ/KJ consumers during the year beyond the quantum approved in the ARR for FY13, against which no subsidy had been determined by the Commission

from the Government of Karnataka. Also, due to the sale to other than BJ/KJ & IP category of consumers being lower than factored in the approved ARR of the year, there is no additional cross subsidy available to cover the cost of this excess supply to the IP Sets and BJ/KJ consumers. Therefore, the entire cost of supply of this additional quantity of power supplied to IP Sets and BJ/KJ Consumers has to be recovered from the State Government at the average cost of supply of Rs.5.04 per unit as additional subsidy. This amounts to Rs.52.43 Crores. With this additional subsidy from the Government of Karnataka, the unfilled gap for FY13 will be reduced from Rs.162.68 Crores to Rs.110.26 Crores.

Government of Karnataka have in their letter No.EN 10 PSR 2014 dated 22nd March 2014, addressed to the Managing Directors of the ESCOMs (copy obtained by the Commission), have also accepted this position by agreeing to pay for any additional supplies made to the IP Sets and BJ/KJ consumers over and above the quantum approved in the ARR of FY13 at the cost determined by the Commission.

As per the above discussion, the additional subsidy payable by Government of Karnataka for FY13 is as follows:

TABLE - 4.22
Additional Subsidy for FY13

Sl.No	Particulars	FY13
1	Actual sales to BJ/KJ & IP Sets in MU	3066.94
2	Approved sales to BJ/KJ & IP Sets in MU	2962.91
3	Increase in sales in MU (2)	104.03
4	Average cost of supply as per APR- Rs/Unit	5.04
5	Additional cost for increased sales at ACS as per APR Rs.Crs (3*4)	52.43
6	Additional Subsidy to be paid by GoK for FY13- Rs.Crs	5243

The Commission decides to carry forward the balance deficit of Rs.110.26 Crores of FY13 to the proposed ARR for FY15 as discussed in the subsequent Chapter of this Order.

CHAPTER 5
REVISED ANNUAL REVENUE REQUIREMENT FOR FY15

5.0 REVISED ARR for FY15 - ; 9 G 7 C A Ñ g ' :] `] b [.

In its application dated 13th December, 2013, GESCOM has sought approval for the revised ARR for FY15. The summary of the proposed ARR for FY15 is as follows:

TABLE 5.1
Proposed ARR for FY15

		Amount in Rs.Crs.
Sl. No.	Particulars	FY15
1	Revenue at existing tariff	
2	Revenue from tariff and Misc.Charges	1707.77
3	TariffSubsidy	1369.98
	Total Revenue	3077.75
	Expenditure	
4	Power Purchase Cost	2018.39
5	Transmission charges of KPTCL	353.76
6	SLDC Charges	1.70
	Power Purchase Cost including cost of transmission	2373.85
	Employee Cost	
7	Repairs & Maintenance	
8	Admin & General Expenses	
	Total O&M Expenses	385.92
9	Depreciation	119.17
	Interest & Finance charges	
10	Interest on Loans	88.67
11	Interest on Working capital	79.90
12	Interest on belated payment on PP Cost	90.00
13	Interest on consumer deposits	33.89
14	Other Interest & Finance charges	0
15	Less interest capitalised	15.58
	Total Interest & Finance charges	27688
16	Other Debits	12.76
17	Net Prior Period Debit/Credit	10.00
18	Return on Equity	87.20
19	Provision for taxation	29.08
20	Other Income	17.73
21	Net ARR	3277.13

GESCOM has requested the Commission to approve the revised Annual Revenue Requirement as stated above. Further, GESCOM has proposed to increase the retail supply tariff by 66 paise per unit across all categories of consumers excluding BJ/KJ and IP set consumers for FY15 in order to bridge the gap in revenue of Rs.199.38 Crores of FY15.

5.1 Annual Performance Review for FY13 & FY14:

As discussed in the preceding chapter of this order, the Commission has carried out the Annual Performance Review for FY13 based on the audited accounts furnished by GESCOM. Accordingly, the deficit of Rs.110.26 Crores is to be carried forward in to the ARR of FY15.

Since the audited financial statements for the year FY14 are yet to be finalised and furnished by the ESCOMs, the Commission decides to take up the APR of FY14 during revision of ARR / Tariff for FY16.

5.2 Annual Revenue Requirement for FY15:

5.2.1 Capital Investments for FY15:

GESCOM in its filing has proposed a Capital Investment Programme of Rs.515 Crores to achieve the following objectives:

- ◁ To improve quality of Power supply.
- ◁ Achieve targets for efficiency improvement viz. loss reduction trajectory.

Some of the salient features of the Investment Plans are:

- ◁ Expansion of Distribution Network and System Improvement Works.
- ◁ Providing electricity to the economically weaker sections of the Society.
- ◁ Optimizing Distribution Transformer capacities.
- ◁ To avoid accidents by providing intermediate poles, Re-stringing of sagging lines, replacement of broken poles,

providing guy & stud, fencing of DTCs, procurement of safety materials to field staff etc.,

- ◁ Execution of Niranthara Jyoti Yojana (NJY) for providing continuous and quality power supply.
- ◁ Metering of all the installations, 11 KV feeders and DTC to enable energy auditing and to reduce AT & C losses.

The GESCOM has submitted its proposal of revised Capex for FY15 as follows:

TABLE 5.2
Revised Capex Proposal for FY15

Amount in Rs. Lakhs

Sl No	Particulars	FY15
I	Mandatory works, Social obligations and other works	
a	GKS-SC (SCP)	960.00
b	GKS-ST (TSP)	560.00
c	GKS-BC	240.00
d	GKS-Min	240.00
	GKS Tot	2000.00
i	RGGVY	2000.00
j	Rehabilitation of Flood affected villages (Special Programme)	500.00
k	Water Works	500.00
	Sub-Total	5000.00
II	Expansion of Distribution Network and System Improvement works.	
a	E&I works	
	Additional DTCs	
i	25 kVA	300.00
	63 kVA	175.00
	100 kVA	125.00
	Sub-Total	600.00
	Enhancement of DTCs	
ii	25kVA to 63kVA	200.00
	63kVA to 100kVA	100.00
	Sub-Total	300.00
iii	Shifting of existing transformers to load center	30.00
iv	LT Line Conversion of 1 Ph 2 wire or 1 Ph 3 wire to 3Ph 5 Wire.	40.00

v	Providing SMC Box to DTCs.	30.00
vi	Replacement of Broken poles	200.00
b	Energisation of IP Sets under General category	300.00
c	Service Connection works other than IP/BJ/KJ/Water works.	1500.00
d	Construction of new 33kV Stations	1500.00
e	Augmentation of 33kV Stations	500.00
f	Construction of new 33kV Lines/Link Lines	200.00
g	Construction of new 11kV Lines for 33kV / 110kV Sub-Stations(Including SDP)	2000.00
h	Niranthara Jyoti Yojana	8000.00
i	RAPDRP Part-A	1000.00
j	RAPDRP Part-B	4000.00
k	Creating Infrastructure to UAIP Sets Regularized during 2010/12.	4000.00
	Sub-Total	24200.00
III	Reduction of T&D and AT&C losses.	
a	Providing meters to IP Sets above 10 HP	30.00
b	Providing meters to BJ/KJ .	40.00
c	Providing meters to Street Lights.	30.00
d	Providing Timer Switches to Street Lights.	100.00
e	Replacement of Faulty / MNR energy meters by static meters.	500.00
f	Shifting of meters to outside premises	100.00
g	DTC Metering of RAPDRP	0
h	DTC Metering of non RAPDRP	1000.00
i	Replacement of 33kV Line Rabbit Conductor by Coyote Conductor	100.00
j	11kV Re-Conductoring	500.00
k	LT Re-Conductoring	300.00
l	HVDS	10000.00
m	Taluka wise segregation of 11kV feeders	100.00
	Sub-Total	12800.00
IV	New Initiative Woks	
a	IT Initiatives, Automation and Call Centers	500.00
b	Establishing ALDC & SCADA	50.00

c	R&M to SCADA	50.00
	Sub total	600.00
V	Replacement and other miscellaneous works	
a	Replacement of failed Distribution Transformers	5000.00
b	Replacement of Power Transformers	200.00
c	Replacement of Old and failed equipments and other works of existing 33kV Stations & Lines.	1000.00
d	R&M to 33kV Stations	100.00
e	R&M to 33kV Lines	100.00
f	R&M to DTCs	100.00
g	R&M to Lines	200.00
h	Preventive measures to reduce the accidents (Providing intermediate poles, Re-stringing of sagging lines, providing guy and stud, guarding, shifting of lines, fencing of DTCs)	500.00
i	T&P Materials	
	i) Furniture	100.00
	ii) Safety Materials	100.00
j	Civil Engineering works	100.00
	Sub-Total	7500.00
VI	Other Works as approved in Tariff Order 2013, for the Capex	
a	Providing ETV Meters	100.00
b	Providing HT Metering Cubicle	50.00
c	Providing ABC UG Cables & Lines	100.00
d	SCP & TSP Work	
	i) Energization of IP Sets	100.00
	ii) Electrification of HB's/JC's	50.00
	iii) KutiraJyothi	50.00
e	RE General Works	
	i) KutiraJyothi	50.00
f	Replacement of Electromagnetic meters by Static meters	100.00
	Sub-Total	600.00
	Grand Total (I+II+III+IV+V+VI)	51500

Commission analysis and decisions:

The Commission having taken note of the Capital Investment Programme for FY15 with the objective of improving the efficiency of its operations as set out in the Capital Investment Programme of Rs.5150 Crores for FY15, decides to allow Capex as proposed, subject to prudence check.

5.2.2 Sales Forecast for FY15:

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GESCOM, in its current ARR filing has estimated sales for FY15 as 6485.83 MU and the number of installations as 2670151. GESCOM has stated that the above projections are arrived at by considering the actual consumption for the period FY12 to FY14 for categories other than BJ/KJ and IP sets. Further, it is stated that IP sets sales are estimated based on sample DTC metering and for BJ/KJ based on specific consumption of 18 units/ month/installation.

The Commission in its preliminary observations dated 31 December, 2013 had pointed out that the sales growth rate of 5.59% estimated for categories other than BK/KJ and IP sets is low compared to normal growth of 6.9% to 7.4% and that the sales estimates are lower for LT(b), LT6 Water Supply, HT Water Supply, HT Industries and HT Irrigation categories.

GESCOM in its reply dated 06.01.2014 has stated that the sales are estimated based on year on year growth for each of the categories and has retained the sales as proposed

The Commission has noted the replies furnished by GESCOM and following paragraphs.

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sales for FY15.

i. No. of Installations for FY15:

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

- a. The base year number of installations for FY14 is considered as proposed by GESCOM
- b. Wherever the number of installations estimated by GESCOM is within the range of the estimates based on the CAGR for the period FY08 FY13 and for the period FY10 FY13, estimates of GESCOM are retained.
- c. Wherever the number of installations estimated by GESCOM is lower than the estimates based on the CAGR for the period FY08 FY13 and for the period FY10 FY 13, estimates based on the lower of the CAGR are considered.
- d. Wherever the number of installations estimated by GESCOM is higher than the estimates based on the CAGR for the period FY08 FY13 and for the period FY10 FY13, estimates based on the higher of the CAGR are considered.
- e. For both LT and HT temporary categories, the estimates of GESCOM are retained as the growth rate for this category varies from year to year.
- f. For HT2C category, the estimates of GESCOM are retained as there is no trend available for this category (new category introduced in the last Tariff Order).

Based on the above approach the total number of installations estimated by the Commission works out to 2661120 as against the estimates of GESCOM at 2670151, decrease of 9031 installations.

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 FY14 are estimated duly considering the actual sales up to October 2013.
- b. Highest of the CAGR for the period FY08 - FY13 and for the period FY10 - FY13 is considered for categories other than those mentioned below
- c. For both LT and HT temporary categories, the estimates of GESCOM are retained as the growth rate for this category is inconsistent.
- d. For HT2C category the estimates of GESCOM are retained as there is no trend available for this category (new category introduced in the last Tariff Order).

Based on the above approach the sales to categories other than BJ/KJ

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an increase of 172.67 MU.

1. Sales to BJ/KJ and IP sets :

i. Sales to BJ/KJ :

GESCOM has estimated the number of installations as 607991 and the sales at 148.44 MU. It is observed that the above number includes installations consuming more than 18 units per month per installation. As per the report furnished to preliminary observations, the breakup for FY13 is as below:

<i>Particulars</i>	<i>No. of Installations</i>	<i>Consumption in MU</i>	<i>Specific consumption per installation per month</i>
Installations consuming less than 18 units	519383	108.59	17.42
Installations consuming more than 18 units and build under LT2(a)	43788	19.28	36.69

Considering the above ratio of installations, the number of installations consuming less than 18 units in FY15 would be 560718 (Total installation retained as proposed by GESCOM at 607991). With Specific consumption per installation per month at 17.42 units, the sales to BJ/KJ are worked out at 117.23 MU.

Further the consumption pertaining to the remaining installations (47273 numbers), works out to 20.81 MU [i.e specific consumption of 36.69 units per installation per month], is accounted in LT2(a) category.

ii. Sales to IP sets

In the previous Tariff Order, the Commission had considered the presence of unauthorized IP Set installations in the Distribution system and had fixed the specific consumption as 9838 units / installation / annum for the entire control period of FY14 to FY16. As per the actual data of Sales to IP Sets during FY13, GESCOM has reported Sales of 2958.35 MU and 277707 numbers of IP set Installations, which results in a specific consumption of 9903 units / installation / annum. It is observed that GESCOM has reported more than 6 hours of power supply to IP Sets resulting in excess specific consumption during FY13. However, the Commission has not considered the specific consumption reported by GESCOM during FY13 for the purpose of projection of IP Set Sales in FY15.

Accordingly, the Commission decides to continue the specific consumption as 9838 units / installation / annum for FY15. It is noted that the number of IP Set installations projected by GESCO for FY14 in the present Tariff filing is 294084 numbers, whereas the actual number of IP Set installations reported by GESCO in the data furnished for February 2014 is 291613. Thus, the actual number of IP Sets furnished by GESCO is less than the estimated figures for FY14 as per the tariff filing. Hence, based on the actual figures, it is appropriate to consider 291613 as number of IP Sets for FY14. As for number of installations to be considered for FY15 the Commission will go by the figures furnished by GESCO for FY15 as it has considered in its projections that around additional 11000 IP Sets would be serviced including regularization of during FY15. Hence, based on the actual number of Installations for FY14 and estimated number of IP Sets for FY15, Mid Year number of installations is determined and the Sales to IP Set consumers is indicated below:

Particulars	As per filing by GESCO	As approved by the Commission
No. of IP Set installations for FY 14	294084	291613
No. of IP Set installations for FY 15	302919	302919
Mid Year No. of Installation for FY 15	298502	297266
Specific consumption in units / installation / annum	11212	9838
Sales in MU	3346.83	2924.50

As per the above discussion, the Commission approves 2924.50 MU as sales to IP Sets category as against the GESCO filing of 3346.83 MU for FY15. Further, any variation in sales would be tried up during the Annual Performance Review for FY15.

As discussed in the preceding chapter on APR for FY13, GESCO has already segregated around 76 agriculture feeders from rural loads under Niranthara Jyothi Yojana (NJY) scheme and 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 system losses. Henceforth, GESCO is directed to report the actual IP Sets consumption on the basis of data from agriculture feeder meters only in respect of IP

Sets on segregated feeders instead of assessing the IP sets consumption based on the readings obtained from meters fixed to DTCs feeding predominantly IP Sets loads. GESCOM is also directed to furnish feeder wise IP Sets consumption based on feeder meter data to the Commission every month in respect of agriculture feeders segregated under NJY.

The estimates of sales for FY15 worked out on the above principles are indicated below:

TABLE 5.3
Approved Sales for FY15

Category	Number of Installations		Sales-MU	
	As filed	As approved	As filed	As approved
LT-2a	1429491	1466208	913.14	940.48
LT-2b	3757	3757	8.09	8.23
LT-3	211419	212493	266.39	256.21
LT-4 (b)	2203	2257	16.02	22.07
LT-4 (c)	310	322	8.76	2.72
LT-5	52679	53041	167.88	165.68
LT-6	16011	16011	133.57	180.52
LT-6	11186	11186	135.85	151.65
LT-7	30244	30244	23.16	23.16
HT-1	96	97	84.22	81.03
HT-2 (a)	1296	1308	1067.14	1145.03
HT-2 (b)	285	290	55.58	63.17
HT2C	0	0	0.00	0.00
HT-3(a)& (b)	192	195	88.40	101.16
HT-4	54	58	18.06	17.80
HT-5	18	18	4.30	4.30
Sub-total[other than BJ/KJ]	175924	179748	2990.56	3163.23
BJ/KJ	607991	560718	148.44	117.23
IP	302919	302919	3346.83	2924.50
Sub-Total [BJ/KJ & IP]	910910	863637	3495.27	3041.73
Grand Total	267015	2661120	6485.83	6204.96

Note: Even though LT3 & HT2b [LT & HT commercial] growth proposed by KERC is higher than that of GESCOM, the difference in sales to this category is about 3 MU. In case of HT2a GESCOM estimate is lower as it has considered growth rate of only 1.9% as against normal trend of 5% to 7%

Thus, the overall sales for GESCOM approved by the Commission are of 280.87 M for FY15

5.2.3 Distribution Losses for FY15

GESCOM

As per the audited accounts for FY13, GESCOM has reported distribution losses of 18.97% as against an approved loss level of 19.50%. The Commission in its tariff order dated May, 2013 has fixed the target level of losses for FY15 at 19.50%. GESCOM in its filing has proposed to achieve a loss level of 19.50% for FY15.

Coma

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

TABLE 5.4

Approved and Actual Distribution Losses for FY09 to FY13

Particulars	Figures in %				
	FY09	FY10	FY11	FY12	FY13
Approved Distribution losses	26.50	24.02	23.00	21.00	19.50
Actual distribution losses	24.06	25.53	22.03	21.71	18.97

From the above data, it is evident that GESCOM has been able to bring down its distribution loss levels from 24.06% in FY09 to 18.97% in FY13 i.e. a reduction by 5.09%. Further, it has proposed loss levels of 19.50% as set by the Commission for FY15.

The Commission notes that, the Capital expenditure on new/augmentation of existing infrastructure in the past and the proposed capex for the ensuing year should enable reduction of distribution losses. Since GESCOM has already achieved distribution losses of 18.97% in FY13 as against a specified loss level of 19.50%, the Commission decides to revise the distribution loss target for FY15 as follows:

TABLE 5.5

Approved Distribution Losses for FY15

Figures in %

Particulars	FY15
Upper limit	19.50
Average	18.50
Lower limit	17.50

5.2.4 Power Purchase for FY15:

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GESCOM in its application has proposed procurement of 8385.87 MU of energy at a cost of Rs.2018.36 Crores including the transmission and system operation charges for FY15. The Source-wise details of the procurement proposal are indicated in the following tables:

TABLE 5.6

Source-wise procurement Proposal submitted by GESCOM for FY15

SL No	Sources	Energy as per Fillings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Unit)
1	Hydro (KPCL)	3374.56	176.19	0.52
2	Thermal (KPCL)	2118.58	790.42	3.73
3	CGS	1872.48	601.40	3.21
4	IPPs	322.02	130.22	4.04
5	NCE	679.53	257.15	3.78
6	Short-term	18.70	6.46	3.45
Transmission Charges			0.00	

SLDC charges		0.00	
PGCIL charges		56.13	
POSOCO charges		0.39	
Total	8385.87	2018.36	2.40

The actual power purchase for FY13 and FY14 (Provisional) was 7383.35 MU and 7726.35 MU respectively. Compared to the actual power purchase for FY13 & FY14, the power purchase projection of 8385.87 MU for FY15 represents an increase of 8.5% over the quantum procured in FY14.

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Energy Requirement of ESCOMs

Based on the estimated energy sales and approved distribution & transmission losses in the system as discussed in the preceding paragraphs, the energy requirement of GESCOM and other ESCOMs for FY15 is computed as shown in the following table.

TABLE 5.7
Approved Power Purchase FY15

PARTICULARS	BESCOM	MESCOM	CESC	HESCOM	GESCOM	TOTAL
Estimated Sales in MU	25395.08	4192.99	5448.45	8855.10	6204.96	50339.28
Percentage distribution losses in %	13.60	11.50	15.00	19.00	18.50	15.21
Energy at interface point in MU	29392.45	4737.84	6409.94	10932.22	7613.45	59369.77
Percentage transmission losses in %	3.81					
Total energy requirement in MU	30556.66	4925.50	6663.83	11660.4*	7915.01	61721.35*

*Includes Projected Energy of Hukeri RECS

The energy requirement of ESCOMs is being sourced from Karnataka Power Corporation Limited (KPCL), Central Generating Sources (CGS), Independent Power Producers (IPPs) and Non-Conventional Energy Generators (NCEGs), having power purchase agreements with ESCOMs. The available quantum of energy from these sources is worked out based on the data furnished by KPCL, SRPC, PCKL and SLDC and the cost of procurement is estimated based on the latest bids from the generating Companies.

The availability of power for FY15 from each source is assigned to each one of the ESCOMs as per the allocation made by the Government of Karnataka vide its Order No. EN 47 PSR 2014 Bangalore, dated 19 May, 2014. Any variation in the actual quantum and the actual cost of power purchase will be reviewed at the time of the Annual Performance Review of FY15.

The source wise details of the approved Power Purchases, from KPCL Hydro Stations, KPCL Thermal Stations, Central Generating Stations, IPPs, NCE Sources and Short term/Medium term sources, for FY15 are shown in Annexure - I.

Considering the projected energy sales, there is a shortfall to be met from Short term/Medium term sources after exhausting all the Long term sources from conventional/NCE sources having PPAs with ESCOMs. Even though the overall per unit cost of short and medium term procurement of power by ESCOMs in the State has declined from Rs.6.93 in FY09 to Rs.4.38 in FY13 and Rs.4.95 in FY14 the quantum of short/medium term power procured has increased from 1293.68 MUs in FY09 (just 3.15% of the total energy consumption of 41060.60 MU) to about 11046.36 MU in FY13 (over 19.36 % of around 57046 MU of energy procured) and 6444 MU in FY14. This has significantly impacted on the average cost of the power supplied. The Commission is periodically monitoring the power situation in the State and

directing ESCOMs to plan their requirements for procurement of power on medium and long term basis, and to minimize short term procurement so that the purchase of power would be economical and ESCOMs would be able to meet the proposed sales within a reasonable cost.

The Commission, while reviewing the power position in the State from time to time, had approved 1500 MW for FY14 and FY15 as medium term procurement at the weighted average rate of Rs.4.96 per KWh. Due to constraints of interregional transmission corridor, only 450 MW out of this could be actually procured by the ESCOMs during FY14. Therefore, the Commission had approved an additional short term procurement of about 373 MW from sources within Karnataka at the weighted average rate of Rs.5.30 per KWh to meet the projected demand during different parts of the year up to 30.06.2014. Considering these sources the weighted average rate of Short term/Medium term power purchase projected for FY15 works out to Rs.5.216 per KWh for the estimated procurement of 3773 MU on Short term/Medium term basis.

With a view to containing the cost of power procurement at reasonable levels, the Commission reiterates its earlier directive that any short term / medium term procurement of power in excess of Rs.4.50 per Kwh shall be made by ESCOMs only with the prior approval of the Commission.

Considering the estimated energy availability based on the existing Power purchase Agreements entered between ESCOMs and the Generating Companies, and the allocation of Power to GESCO, the Commission decides to approve power procurement by GESCO for FY15 as detailed in the following table.

TABLE 5.8
Approved Power Purchase of GESCO- FY15

SL No	Name of the Generating Station	Allowed Energy in MU	Cost of Energy Rs/Crs	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	2494.15	144.58	0.58

2	JURALA HYDEL	25.75	8.20	3.18
3	KPCL THERMAL	2010.09	765.51	3.81
4	CGS SUPPLY	1784.18	557.56	3.13
5	IPPS	349.15	159.41	4.57
6	NCE	679.53	257.15	3.78
7	SHORT TERM/MEDIUM TERM POWER PURCHASES APPROVED	572.15	298.44	5.22
KPTCL Transmission charges			290.84	
SLDC charges			3.37	
PGCIL charges			56.13	
POSOCO charges			0.39	
TOTAL		791501	2541.57	3.21

5.2.5 O & M Expenses:

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In its application, GESCOM has requested to allow O & M expenses of Rs.385.92 Crores for FY15 as follows:

TABLE 5.9

O&M Expenses- GESCOM Ñ g ' D f a c d c

Sl. No	Particulars	Amount in Rs. Crs
		FY15
1	Repairs and Maintenance	36.34
2	Employee Cost	298.89
3	Administrative and General Expenses	50.69
Total O&M expenses		385.92

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As per the norms specified under the MYT Regulations, the Commission has computed the O & M expenses for the control period FY15 duly considering the actual O & M expenses for the base year FY13.

The Commission notes that, the actual O & M expenses allowed for FY13 were Rs.364.39 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 regard to CPI and WPI in the ratio of 80 : 20, the allowable inflation for FY15 is computed as follows:

TABLE 5.10
Computation 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	1.041367	0.040534	1	0.04
2004	98.72	111	108.54	1.085614	0.082145	2	0.16
2005	103.37	116	113.47	1.134922	0.126564	3	0.38
2006	109.59	123	120.32	1.203373	0.185128	4	0.74
2007	114.94	131	127.79	1.278084	0.245362	5	1.23
2008	124.92	142	138.58	1.386062	0.326466	6	1.96
2009	127.86	157	151.17	1.511962	0.413408	7	2.89
2010	140.08	176	168.82	1.68843	0.523799	8	4.19
2011	157.3	197	189.06	1.890903	0.637054	9	5.73
2012	168.8	219	208.96	2.089934	0.737133	10	7.37
2013	179.6	239	227.12	2.271563	0.820468	11	9.03
A= Sum of the product column							33.72
B= 6 Times of A							202.35
C= (n-1)*n*(2n1) where n= No of years of data=12							3036.00
D=B/C							0.07
g(Exponential factor)= Exponential (D)-1							0.07
e=Annual Escalation Rate (%)=g*100							6.89

For the purpose of determining the normative O & M expenses for FY15, the Commission has considered the following:

- a) The actual O & M expenses allowed for FY13 inclusive of 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 FY13.
- c) The inflation factor at 6.89% as computed above
- d) Efficiency factor at 2% as considered in the earlier two control periods.

Accordingly, the normative O & M expenses for FY15 are as follows:

TABLE 5.11

Approved O & M Expenses for FY15

Particulars	FY15
No. of Installations	2670151
Inflation based on 80% of CPI and 20% of WPI	6.89%
CGI based on 3 Year CAGR	4.34%
Actual O & M expenses for FY13	364.39
O&M expenses for FY15	433.70

Thus, the Commission decides to approve O&M expenses of Rs.433.70 Crores for FY15.

5.2.6 Depreciation:

GESCOM has claimed depreciation of Rs.119.17 Crores for FY15. The depreciation projected by GESCOM for FY15 is as follows:

TABLE 5.12

Depreciation for FY15 ; 9 G 7 C A Ñ g ` D f c d c g U `

Amount in Rs.Crs.

Particulars	FY15
Opening Gross Fixed Asset (GFA)	2551.27
Add: Additions during the year	504.59
Less: Retirement	70.00
Closing GFA	2985.86
Net Depreciation for FY15	119.17

GESCOM, in its reply to the preliminary observations of the Commission, has stated that the depreciation on account of assets created from

consumer contribution and grants is Rs.19.92 Crores and has been factored in the net depreciation claims of Rs.119.17 Crores.

7 c a a] g g] n a l y s i s a n d D e c i s i o n :

In accordance with the provisions of the MYT Regulations and its amendment, the Commission has determined the depreciation for FY15 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 FY13.
- b) This actual rate of depreciation is considered on the gross block of fixed assets projected by GESCO in its filing.
- c) The depreciation on account of assets created out of consumer contribution / subsidies for FY15 are projected based on the actual data for FY13 and proposed additions during FY14 & FY15

Accordingly, the depreciation for FY15 is as follows:

TABLE 5.13
Approved Depreciation for FY15

Amount in Rs. Crs	
Particulars	FY15
Buildings	1.11
Civil	0.19
Other Civil	0.04
Plant & M/c	25.88
Line, Cable Network	97.58
Vehicles	0.07
Furniture	0.19
Office Equipments	0.26
Sub Total	125.31
Less: Depreciation withdrawn on account of assets created by Consumer contribution/grants	27.20
Net Depreciation	98.12

The Depreciation withdrawn on account of assets created by Consumer contribution/grants is computed based on the opening and closing balance of these assets as per latest available audited accounts for FY13 and the projected amount for FY14 & FY15 being carried forward as proposed by GESCOM. Thus the Commission decides to approve an amount of Rs.98.12 Crores towards depreciation for FY15.

5.2.7 Interest and Finance Charges:

GESCOM has claimed Interest and Finance charges of Rs.276.88Crores for FY15 as follows:

TABLE 5.14

Interest and finance charges for FY15 ; 9 G 7 C A Ñ g ' D f c d c g U `

Amount in Rs.Crs.

Particulars	FY15
Interest on Loans	88.67
Interest on Working Capital	79.90
Interest on belated payment of power purchase cost	90.00
Interest on Consumers Deposit	33.89
Less Interest capitalised	15.58
Total Interest & Finance Charges	276.88

5.2.8 Interest on Loans:

GESCOM has requested to approve interest on loans of Rs.88.67 Crores for FY15. As per format D9, the details of claims of interest on loans are as follows:

TABLE 5.15

Interest on Loan for FY15 ; 9 G 7 C A Ñ g ' D f c d c g U `

Amount in Rs.Crs.

Particulars	FY15
Opening balance of loans	617.45
Addition of new loans	253.37
Less repayment	186.28
Closing balance of loans	684.54
Interest on loan	88.67

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As per APR of FY13, GESCOM had incurred weighted average rate of interest of 11.13% on long term loans. GESCOM has proposed an additional loan of Rs.253 Crores for FY15 as against a capex proposal of Rs.518 Crores.

The proposed interest on long term loan indicate weighted average rate of interest of 13.62%. This rate of interest is considered as abnormal and hence the Commission has considered a normative rate of interest of 12% for the purpose of projecting the interest on loans for FY15.

The approved interest on loans for FY15 is as follows:

TABLE 5.16

Approved Interest on Loans for FY15

Particulars	Amount in Rs. Crs	
	FY15	
Opening balance of Loans	617.47	
Add new Loans	253.37	
Less Repayments	186.28	
Total loan at the end of the year	684.56	
Average Loan	651.02	
Approved Interest on long term loans	78.12	

5.2.9 Interest on Working Capital:

GESCOM has claimed interest on working capital of Rs.79.90 Crores for FY15.

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As per the norms specified under the MYT Regulations, the Commission has computed the interest on working capital which consists of one a c b h \ Ñ g ' C ' / ' A ' Y l d Y b g Y g ž ' % l ' c Z ' c d Y b] b [' ; : 5 ' U b

The Commission has considered the rate of interest at 11.75% p.a. Accordingly, the approved interest on working capital is as follows:

TABLE 5.17

Approved Interest on Working Capital for FY15

Amount in Rs.Crs.

Particulars	FY15
One-twelfth of the amount of O&M Exp.	36.14
Opening GFA	2551.27
Stores, materials and supplies 1% of Opening balance of GFA	25.51
One-sixth of the Revenue	495.64
Total Working Capital	557.30
Rate of Interest (% p.a.)	11.75%
Interest on Working Capital	65.48

The Commission decides to approve interest on Working capital at Rs.65.48 Crores for FY15.

5.2.10 Interest on Consumer Deposit:

GESCOM in its filing has claimed an amount of Rs.33.89 Crores for FY15.

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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 28th January, 2014, the bank rate is 9%. Accordingly, the Commission has considered the bank rate of 9.00% per annum as on 1st April, 2014 for computation of interest on consumer deposits.

The Commission has considered the deposits as per audited accounts of FY13 and projected deposits for FY14 & FY15 by GESCOM and has computed the allowable interest on consumer deposits.

TABLE 5.18

Approved Interest on Consumer Deposits for FY15

Amount in Rs.Crs.

Particulars	FY15
Average consumer deposits for FY15	394.83
Rate of Interest at bank rate to be allowed as per regulations	9.00%
Approved Interest on Consumer Deposits	35.53

Thus the Commission decides to approve Rs.35.53 Crores as interest on consumer deposits for FY15

5.2.11 Capitalization of Interest and Finance Charges:

GESCOM has claimed an amount of Rs.15.58 Crores towards capitalization of interest and finance charges. The Commission decides to accept the same.

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

TABLE 5.19

Approved Interest and Finance Charges for FY15

Amount in Rs.Crs.

Particulars	FY15
Interest on Loans	78.12
Interest on Working Capital	65.48
Interest on Consumers Deposit	35.53
Less capitalization of interest and finance charges	15.58
Total Interest & Finance Charges	163.56

5.2.12 Return on Equity:

GESCOM in its filing has computed the RoE of Rs.87.20 Crores for FY15 and provision for income tax of Rs.29.08 Crores totaling to Rs.116.28 Crores.

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The Commission has considered the actual amount of share capital and reserves & surplus as per the Audited Accounts for FY13 as base value for arriving at the allowable RoE for FY15. 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. Thus, the approved Return on Equity for FY15 are as follows:

TABLE 5.20
Approved RoE for FY15

Amount in Rs.Crs.

Particulars	FY15
Paid Up Share Capital	305.14
Share Deposit	254.06
Reserves and Surplus	-315.84
Total Equity	243.36
Approved RoE with MAT	47.16

The Commission decides to approve an amount of Rs.47.16 Crores towards RoE for FY15.

5.2.13 Other Income:

GESCOM has claimed an amount of Rs.17.73 Crores as other income for FY15. The other income mainly includes income from incentives, miscellaneous recoveries, interest on bank deposits, rent from staff quarters and sale of scrap. The Other income for FY12 was Rs.23.62 Crores and Rs.77.96 Crores in FY13. As per the MYT Order dated 6th May, 2013, the Commission had considered an amount of Rs.37.74 Crores as other income for FY15.

The Commission notes that the other income of FY13 includes certain amount on account of reversal of excess provisions which may not be a regular source of other income. Hence, in the present Order, the

Commission decides to consider an amount of Rs.40.00 Crores as other income for FY15

5.2.14 Fund towards Consumer Relations / Consumer Education

The Commission has been allowing an amount of Rs0.50Crore per year towards consumer relations / consumer education. This provision has been specifically made by the Commission to conduct consumer awareness and grievance redressal meetings periodically and institutionalize a mechanism for addressing common problems of the consumers. The Commission has already issued guidelines for consumer education and grievance redressal activities.

The Commission decides to continue providing an amount of Rs.0.50 Crore for FY15 towards meeting expenditure on consumer relations / consumer education.

The Commission directs GESCOM 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 FY15:

In the light of the above analysis and decisions of the Commission, the following is the approved ARR for FY15:

TABLE 5.21

Revised Approved consolidated ARR for FY15

Amount in Rs.Crs.

Sl. No	Particulars	FY15
	Revenue at existing tariff	
1	Revenue from tariff and Misc Charges	1782.77
2	TariffSubsidy	1191.09
3	Total Revenue	2973.86
	Expenditure	
4	Power Purchase Cost	2247.36
5	Transmission charges of KPTCL	290.84
6	SLDC Charges	3.37
7	Power Purchase Cost including cost of transmission	2541.57
	Employee Cost	
8	Repairs & Maintenance	
9	Admin & General Expenses	
10	Total O&M Expenses	433.70
11	Depreciation	98.12
	Interest & Finance charges	
12	Interest on Loans	78.12
13	Interest on Working capital	65.48
14	Interest on belated payment on PP Cost	0.00
15	Interest on consumer deposits	35.53
16	Other Interest & Finance charges	
17	Less interest capitalised	15.58
18	Total Interest & Finance charges	163.56
19	Other Debits	0.00
20	Net Prior Period Debit/Credit	0.00
21	Return on Equity	47.16
22	Provision for taxation	0.00
23	Funds towards Consumer Relations/Consumer Education	0.50
24	Other Income	40.00
25	ARR	3244.60
26	Deficit for FY13 carried forward	-110.26
27	Net ARR with deficit of FY13	3354.86

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

The Commission in its MYT Order dated 6 May, 2013 has considered the following apportionment for segregation of ARR

TABLE 5.22

Allocation between Distribution business and Retail Supply Business

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

The Commission decides to continue the same ratio of segregation as given above for FY15. Accordingly, the following is the approved ARR for Distribution Business and Retail supply business:

TABLE 5.23

APPROVED REVISED ARR FOR DISTRIBUTION BUSINESS

Amount in Rs.Crs.

Sl. No	Particulars	FY15
1	O&M Expenses	303.59
2	Depreciation	82.42
3	Interest & Finance Charges	
4	Interest on Loan Capital	78.12
5	Interest on Working Capital	17.14
6	Interest on Consumer Deposits	0.00
7	Less: Interest & other expenses capitalised	15.58
8	Total	465.69
9	ROE	39.61
10	Other Income	0.00
11	NET ARR	505.30

TABLE 5.24

APPROVED REVISED ARR FOR RETAIL SUPPLY BUSINESS

Amount in Rs.Crs.

Sl. No	Particulars	FY15
1	Power Purchase including Transmission and SLDC charges	2541.57
2	O&M Expenses	130.11
3	Depreciation	15.70
	Interest & Finance Charges	
4	Interest on Loan Capital	0.00
5	Interest on Working Capital	48.34
6	Interest on Consumer Deposits	35.53
7	Total	2771.25
8	Return on Equity	7.54
9	Other Income	40.00
10	Fund towards Consumer Relations / Consumer Education	0.50
	NET ARR	2739.30

5.5 Gap in Revenue for FY15:

As discussed above, the Commission decides to approve the Annual Revenue Requirement (ARR) of G ESCOM for its operations in FY15 at Rs.3277.13 Crores. In addition, an amount of Rs.110.26 Crores which is determined as the deficit in FY13 as discussed in Chapter 4 of this Order also needs to be taken into account for determining the total revenue requirement for FY15. Together with this deficit carried over from FY13, the ARR for FY15 is determined at Rs.3354.86 Crores. Considering an estimated revenue for FY15 at the existing retail supply tariff, the total realisation of revenue will be Rs.2973.86 Crores which is Rs.381 Crores less than the projected revenue requirement for the year.

As seen from the detailed analysis in Chapter 4 of this Order, the revenue gap in FY13 was mainly on account of the steep increase in the power purchase cost from Rs.3.20 per unit as estimated to Rs.3.59 per unit as actually incurred. Partly, it was also due to shortfall in the sale of power by ESCOMs to different categories of consumers. In view of the extraordinary

factors which contributed to the deficit in FY13 and considering the likely increase in the cost of service during FY15, the Commission has decided to treat part of the projected revenue gap for FY15 as regulatory asset to be realised in the tariff of the future years. Thus, out of the total revenue gap of Rs.381 Crores for FY15, the Commission decides to set aside an amount of Rs.151.73Crores as regulatory asset to be recovered in the tariff over the next two years (FY16 and FY17). The Commission also decides to allow carrying cost at 12 % per annum on the amount of regulatory asset which will be assessed at the time of the Annual Performance Review (APR) of FY15 and FY 16. The balance amount of Rs.229.27Crores is proposed to be realised as additional revenue by revision of tariff for different categories of consumers during FY15 .

The net ARR and the gap in revenue for FY15 are shown in the following table:

TABLE 5.25
Revenue Gap for FY15

Particulars	FY15
Net ARR including carry forward gap of FY13 (in Rs. Crores)	3354.86
Approved sales (in MU)	6204.96
Average cost of supply for FY15 (in Rs./unit)	5.41
Revenue at existing tariff (in Rs. Crores)	2973.86
Gap in revenue for FY15 (in Rs. Crores)	381.00
Regulatory asset to be recovered over next two years (in Rs. Crores)	151.73
Balance revenue gap to be collected by revision of tariff for FY15 (in Rs. Crores)	229.27

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.99.51 Crores. In respect of the electricity supplied for irrigation pump sets and BJ/KJ households, the State Government shall contribute a subsidy of Rs.29.76 Crores to GESCOM.

CHAPTER 6

DETERMINATION OF TARIFF FOR FY15

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6.1 Tariff Application

As discussed in the preceding Chapters, GESCOM has projected an unmet gap in revenue of Rs.199.38Croresfor FY15. In order to bridge this gap in revenue, GESCOM, in its Tariff Application, has proposed a tariff increase of 66 paise per unit in respect of all the categories of consumers except BJ/KJ and irrigation pump set 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:

- Ø that the distribution and supply of electricity are conducted on commercial basis;
- Ø that competition, efficiency, economical use of resources, good performance, and optimum investment are encouraged;
- Ø 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;
- Ø that efficiency in performance is to be rewarded ; and
- Ø that a multiyear tariff framework is adopted

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

determines the Tariff in accordance with the Regulations and the Orders issued by the Commission from time to time.

6.3 Consideration for Tariff setting:

The Commission has considered the following relevant factors for determination of Retail Supply Tariff:

a) Tariff Philosophy:

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

b) Average cost of supply:

The Commission has been determining the retail supply tariff on the basis of the average cost of supply. The KERC (Tariff) Regulations, 2000 require the licensees to provide details of embedded cost of electricity voltage / consumer category wise. The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage levels. Therefore, the Commission has decided to continue the average cost of supply approach for recovery of the ARR.

c) Differential Tariff:

Beginning with its tariff order dated 25 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 FY15:

The Commission in its preceding Chapters has decided the ARR of FY15. Further, the Commission has decided to set aside Rs.151.73 Crores as Regulatory Asset. The balance unmet gap in revenue for FY15 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 FY15 and the revenue as per the existing tariff, the gap in revenue for FY15 is as follows:

TABLE 6.1
Revenue Deficit for FY15

Amount in Rs.Crs.

Particulars	Amount
Approved Net ARR for FY15 including gap of FY13	3354.86
Revenue at existing tariff	2973.86
Surplus / deficit	- 381.00
Regulatory Asset set aside	151.73
Additional Revenue to be realised by Revision of Tariff	22927

Accordingly, in this Chapter, the Commission has proceeded to determine the retail supply tariff for FY15. The categorywise tariff as existing, as proposed by GESCOM and as approved by the Commission are as follows:

1. LT-1 Bhagya Jyothi

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

Sl. No	Details	Existing as per Tariff Order 2013	Proposed by GESCOM
1	Energy Charges (including recovery towards service main charges)	481Paise / Unit Subject to a monthly minimum of Rs.30 per installation per Month.	481Paise / Unit Subject to a monthly minimum of Rs.30 per installation per Month.

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The GoK, as a policy, has extended free power to all BJ/KJ consumers, whose consumption is not more than 18 units per month. The tariff payable by these consumers is revised to Rs.5.17 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/K 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
517paise 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 Rs5.17 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:

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

Proposed Tariff for LT (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 2013 Tariff Order	Proposed by GESCOM
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:250paise/unit	0 to 30 units:316 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units:370 paise/unit	31 to 100 units: 436 paise / unit
	101 to 200 units: 485 paise /unit	101 to 200 units: 551 paise /unit
	Above 200 units: 585 paise /unit	Above 200 units: 651 paise /unit

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

Applicable to Areas under Village Panchayats

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
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:240 paise /unit	0 to 30 units:306 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units: 340 paise / unit	31 to 100 units:406 paise / unit
	101 to 200 units: 455 paise /unit	101 to 200 units: 521 paise /unit
	Above 200 units: 535 paise /unit	Above 200 units: 601 paise /unit

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During the public hearing representations have been received to provide electricity to Fodder Choppers & Milking Machines under domestic category, considering their request, the Commission decides to include the electricity used for Fodder Choppers & Milking Machines with a connected load up to 1 HP under this category.

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

- (i) Areas coming under city Municipal Corporations and all Urban Local Bodies
- (ii) Areas under Village Panchayats.

The Commission approves the tariff for this category as follows:

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

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

Details	Tariff approved by the Commission
Fixed Charges per Month	For the first KW Rs.25
	For every additional KW Rs.35
Energy Charges up to 30 Units per Month (Q30 Units)ife 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: 525 paise/unit
	Above 200 units: 625 paise/unit

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

Details	Tariff approved by the Commission
Fixed Charges per Month	For the first KW Rs.15/
	For every additional KW Rs.25/
Energy Charges up to 30 units per Month (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: 495 paise/unit
	Above 200 units: 575 paise/unit

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

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

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

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

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
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: 570 paise per unit	For the first 200 units:636 paise per unit
	For the balance units: 670 paise per unit	For the balance units: 736 paise per unit

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

Applicable in Areas under Village Panchayats

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.25 Per KW subject to a minimum of Rs.50 per Month	Rs.25 Per KW subject to a minimum of Rs.50 per Month
Energy Charges	For the first 200 unit: 520 paise per unit	For the first 200 units:586paise per unit
	For the balance units: 620 paise per unit	For the balance units: 686 paise per unit

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As in the previous Tariff Order dated 6th May 2013, 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 Educational Institutions & Private Hospitals and Nursing Homes

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

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.35per 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 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:670paise/unit

4. LT-3 Commercial Lighting, Heating & Motive Power

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The existing and proposed tariff is 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 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.40 per KW	Rs.40 per KW
Energy charges	For the first 50 units 645 paise per unit	For the first 50 units 711 paise per unit
	For the balance units 745paise per unit	For the balance units 811 paise per unit

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

Details	Existing as per 2013 Tariff Order	Not Proposed by GESCOM
Fixed Charges	Rs.55 per KW	
Energy Charges	For the first 50 units 645 paise per unit	
	For the balance units 745paise per unit	

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

Applicable in areas under Village Panchayats

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.30 per KW	Rs.30 per KW
Energy Charges	For the first 50 units 595paise per unit	For the first 50 units 661 paise per unit

	For the balance units 695 paise per unit	For the balance units 761 paise per unit
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Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.45 per KW	Rs.45 per KW
Energy Charges	For the first 50 units 595paise per unit	For the first 50 units 661 paise per unit
	For the balance units 695 paise per unit	For the balance units 761paise per unit

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As in the previous Tariff Order dated 16 May, 2013, the Commission decides to continue tariff at two levels i.e.

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

LT- 3 (i) 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: 675 paise/ unit
	For the balance units: 775paise/unit

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

Details	Approved by the Commission
Fixed Charges per Month	Rs.55 per KW
Energy Charges	For the first 50 units: 675 paise /unit
	For the balance units: 775paise/unit

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: 625 paise per unit
	For the balance units: 725 paise per unit

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

Details	Approved by the Commission
Fixed Charges per Month	Rs.45 per KW
Energy Charges	For the first 50 units: 625 paise per unit
	For the balance units: 725 paise per unit

5. LT4 Irrigation Pump Sets

GESCOM 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 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Nil	Free (In case GoK does not release the subsidy in advance, CDT of 388 paise per unit will be demanded and collected from consumers)
Energy Charges	CDT 388 paise per unit	

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The Government of Karnataka has extended free supply of power to farmers as per Government Order EN 55 PSR 2008 dated 04.09.2008. As per this policy of GoK, the entire cost of supply to IP sets upto and inclusive of

10 HP is being borne by the GoK through tariff subsidy. In view of this all the categories under the existing LT4a tariff are covered under free supply of power.

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

Approved CDT for IP Sets for FY15

Particulars	FY15
Approved ARR in Rs. Crores	3354.86
Revenue from other than IP & BJ/KJ in Rs. Crores	1882.27
Amount to be recovered from IP & BJ/KJ in Rs. Crores	1320.86
Regulatory Asset Rs. Crores	151.73
Approved Sales to BJ/KJ in MU	117.23
Revenue from BJ/KJ at Average Cost of supply in Rs. Crores	60.57
Amount to be recovered from IP Sets category in Rs. Crores	1260.29
Approved Sale to IP Sets in MU	2924.50
Commission Determined Tariff (CDT) for IP set Category for FY15 in Rs./Unit	4.31

Accordingly, the Commission decides to approve tariff of Rs.4.31 per unit as CDT for FY15 for IP Set category under LT4(a) in case the GoK does not release the subsidy in advance, a tariff of Rs.4.31 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): 431 paise per unit	

* In case the GoK does not release the subsidy in advance, a tariff of Rs.4.31 per unit shall be demanded and collected from these consumers.

LT4 (b) Irrigation Pump Sets above 10 HP:

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

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

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs. 30 per HP	Rs.30 per HP
Energy Charges	175 paise per unit	241 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 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.20 per HP	Rs.20 per HP
Energy Charges	175 paise per unit	241 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 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs.30 per HP	Rs.30 per HP
Energy Charges	175 paise per unit	241 paise per unit

Approved Tariff:

As in the previous Tariff Order dated 6th May2013, 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 above10 HP

Fixed Charges per Month	Rs.30 per HP per month.
Energy Charges for the entire	215 paise/unit

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

Fixed Charges per Month	Rs20 per HP per Month.
Energy Charges	215 paise / unit

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

Fixed Charges per Month	Rs.30 per HP per Month.
Energy Charges	215 paise/unit

6. LT5 Installations LT Industries:

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The existing and proposed tariffs are given below:

LT-5 LT Industries:
Applicable to all areas under GES COM

i) Fixed charges

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
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 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs. 45 per KW of billing demand	Rs. 45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs. 60 per KW of billing demand	Rs. 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand	Rs. 150 per KW of billing demand

iii. Energy Charges

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
For the first 500 units	425 paise per unit	491 paise/ unit
For the next 500 units	495 paise per unit	561 paise/ unit
For the balance units	525 paise per unit	591 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

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs	(-) 195 paise per unit
06.00 Hrs to 18.00 hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 paise per unit

Approved Tariff:

The Government of Karnataka has requested the Commission to consider extending industrial tariff to establishments engaged in Information Technology (IT) enabled Services / Startups/ Animation / Gaming / Computer Graphics/ Telecom/ BPO/KPO and other knowledge based activities. After considering the request of the GoK, the Commission decides to include Information Technology (IT) enabled Services / Start

ups/ Animation / Gaming / Computer Graphics establishments in this category.

Time of the Day Tariff:

As per the decision of the Commission in its Tariff Orders dated 13th April 2012 and 6th May, 2013, 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 approves the tariff under LT 5 as given below:

Approved Tariff for LT 5 :

Applicable to all the areas of GESCOM

i) Fixed charges

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

ii) Demand based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.45 per KW of billing demand
	40 HP and above but less than 67 HP	Rs 60 per KW of billing demand
	67 HP and above	Rs. 150 per KW of billing demand

iii) Energy Charges

Details	Approved tariff
For the first 500 units	455 paise/ unit
For the next 500 units	535 paise/ unit

For the balance units	565 paise/unit
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Approved ToD Tariff for LT5 :At the option of the consumer

ToD Tariff

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

7. LT6 Water Supply Installations and Street Lights

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The existing and the proposed tariffs are given below:

LT-6(a) : Water Supply

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs. 35/HP/month	Rs. 35/HP/month
Energy Charges	320 paise/unit	386 paise/unit

LT-6 (b) : Public Lighting

Details	Existing as per 2013 Tariff Order	Proposed by GESCOM
Fixed Charges per Month	Rs. 50/KW/month	Rs. 50/KW/month
Energy Charges	445 paise/unit	486 paise/unit

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The Commission approves the tariff for this category as follows:

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

Details	Approved Tariff
Fixed Charges per Month	Rs. 35/HP/month
Energy Charges	330 paise/unit

Tariff Approved by the Commission for L7 (b): Public Lighting

Details	Approved Tariff
Fixed Charges per Month	Rs. 50/KW/month
Energy Charges	485 paise/unit

8. LT 7 Temporary Installations:

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The existing rate and the rate proposed are given below:

Temporary Supply

Details	Existing tariff as per Tariff Order 2013	Proposed by GESCOM
a) Less than 67 HP:	Energy charge at 850 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.	Energy charge at 886 paise per unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

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As decided in the previous Tariff Order dated 6th May 2013, the tariff specified for installations with sanctioned load / contract demand above 67 HP is covered under the HT temporary tariff category under HT5. The Commission decides to approve the tariff L7 category as follows:

TARIFF SCHEDULE L7

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

Details	Approved Tariff
Less than 67 HP:	Energy charge at 900 paise / unit subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.

9. H.T. Categories:

Time of the Tariff (ToD)

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

10. HT1 Water Supply & Sewerage

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The Existing and the Proposed tariff

Sl. No.	Details	Existing tariff as per 2013 Tariff Order	Proposed tariffs
1	Demand Charges	Rs. 180 / kVA of billing Demand / month	Rs. 180 / kVA for billing demand / Month
2	Energy Charges	380 paise per unit	446 paise per unit

Existing ToD tariff to HT 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 HT1

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
22.00 Hrs to 06.00 Hrs next day	(-) 195 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 Paise per unit

Commission's decision:

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

Approved Tariff for HT 1

Details	Tariff approved by the Commission
Demand Charges	Rs.180 / kVA of billing demand / Month
Energy Charges	400 paise/ unit

Approved ToD tariff to HT1 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	(-)125paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+)100 paise per unit

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

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

Applicable to all areas of GESCOM

Details	Existing tariff as per Tariff Order 2013	Proposed by GESCOM
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	535 paise per unit	601 paise per unit
(iv) For the balance units	565 paise per unit	631 paise per unit

Railway traction and Effluent Plants

Details	Existing tariff as per Tariff Order 2013	Proposed by GESCOM
Demand Charges	Rs. 180 / kVA at billing demand / Month	Rs. 180 / kVA of billing demand / Month
Energy Charges	500 paise per unit for all the units	566 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 Hrs next day	(-) 195 Paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 Paise per unit

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The Government of Karnataka has requested the Commission to consider extending industrial tariff to establishments engaged in Information Technology (IT) enabled Services / Startups/ Animation / Gaming / Computer Graphics/ Telecom/ BPO/KPO and other knowledge based activities. After considering the request of the GoK, the Commission decides to include Information Technology (IT) enabled Services / Start ups/ Animation / Gaming / Computer Graphics establishments in this category.

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

Approved Tariff for HT 2 (a)
Applicable to all areas of GESCOM

Details	Approved Tariff
Demand Charges	Rs. 170 / kVA of billing demand / Month
Energy Charges	
For the first one lakh units	570 paise/ unit
For the balance units	600 paise/ unit

Railway Traction & Effluent Treatment Plants

Details	Tariff approved by the Commission
Demand Charges	Rs. 180 / kVA of billing demand / Month
Energy Charges	540 paise / unit for all the units

12. HT-2 (b) HT Commercial

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Existing and proposed tariff for HT 2 (b)-HT Commercial
Applicable to all areas of GESCOM

Details	Existing tariff as per Tariff Order 2013	Proposed by GESCOM
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	675 paise per unit	741 paise per unit
(ii) For the balance units	705 paise per unit	771 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	(-) 195 paise per unit
06.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 170 paise per unit

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

Approved tariff for HT 2 (b) - HT Commercial

Applicable to all areas of GESCOM

Details	Tariff approved by the Commission
Demand Charges	Rs. 190 / kVA of billing demand / Month
Energy Charges	
(i) For the first two lakh units	715 paise per unit
(ii) For the balance units	745 paise per unit

Note: The above tariff under HT2 (b) is not applicable for construction of new industries. Such S

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

Existing and proposed tariff for HT 2 (c) (i)

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

Details	Existing tariff as per Tariff Order 2013	Proposed by GESCOM
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	500 paise per unit	566 paise per unit
(ii) For the balance units	550 paise per unit	616 paise per unit

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

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

Details	Existing tariff as per Tariff Order 2013	Proposed by GESCOM
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	600 paise per unit	666 paise per unit
(ii) For the balance units	650 paise per unit	716 paise per unit

Approved tariff for HT 2 (c) (i)

Applicable to Government Hospitals, Hospitals run by Charitable Institutions, ESI Hospitals, Universities, Educational Institutions belonging to Government, Local Bodies and Aided Institutions & 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	540 paise per unit
(ii) For the balance units	590 paise per unit

Approved tariff for HT 2 (c) (ii)

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

Details	Tariff approved by the Commission
Demand Charges	Rs. 170 / kVA of billing demand / Month
Energy Charges	
(i) For the first one lakh units	640 paise per unit
(ii) For the balance units	690 paise per unit

Time of the Day Tariff:

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

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

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

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Existing and proposed tariff for HT 3 (a) Lift Irrigation Schemes are given below

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

Details	Existing charges as per tariff order 2013	Proposed charges by GESCOM
Energy Charges/ minimum Charges	150 paise / unit subject to an annual minimum of Rs.1000 per HP / annum	220 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	Proposed by GESCOM
Fixed Charges	Rs. 30 / HP / Month of sanctioned load	Rs. 30 / HP / Month of sanctioned load
Energy Charges	110 paise / unit	176 paise / unit

HT 3(a) (iii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies other than those covered under HT3 (a)(ii)

Details	Existing Tariff	Proposed by GESCOM
Fixed Charges	Rs. 10 / HP / Month of sanctioned load	Rs. 10 / HP / Month of sanctioned load
Energy Charges	110 paise / unit	176 paise / unit

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The Commission approve s the Tariff for this category as follows:

Approved tariff for HT 3 (a) (i)

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

Energy Charges / Minimum Charges	150 paise/ unit subject to an annual minimum of Rs. 1000 per HP / annum
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Approved tariff for HT 3 (a) (ii)

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

Fixed Charges	Rs. 30 / HP / Month of sanctioned load
Energy Charges	150 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	Rs. 10 / HP / Month of sanctioned load
Energy Charges	150 paise / unit

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

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The existing and the proposed tariff are 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 2013	Proposed tariff by GESCOM
Energy Charges / minimum Charges	320 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load	390 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load

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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	350 paise / unit subject to an annual minimum of Rs. 1000 per HP of sanctioned load

HT4- Residential Apartments/ Colonies

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

Existing and proposed tariff for HT4 - Residential Apartments/ Colonies
Applicable to all areas of GESCOM

Details	Existing tariff as per Tariff Order 2013	Proposed tariff by GESCOM
Demand Charges	Rs. 100 / kVA of billing demand	Rs. 100 / kVA of billing demand
Energy Charges	490 paise per unit	556 Paise/ unit

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The Commission approves the Tariff for this category as follows:

Approved tariff

HT4 Residential Apartments/ Colonies Applicable to all areas of
GESCOM

Demand Charges	Rs. 100/ kVA of billing demand
Energy Charges	530 paise/ unit

16. TARIFF SCHEDULE HT-5

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The existing & proposed tariff for this category are as given below:

HT5 Temporary supply

	Existing	Proposed
67 HP and above:		
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	850 paise / unit (weekly minimum of Rs.160/per KW is not applicable)	916 paise / unit (weekly minimum of Rs 160/is not applicable)

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TARIFF SCHEDULE HT-5

As approved in the Commission Tariff Order dated 6th May, 2013, the 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	Rs.210/HP/Month for the entire sanction load / contract demand
Energy Charge	900 paise / unit

The Approved Tariff schedule for FY15 is enclosed in Annex I III of this Order.

6.5 Other Issues



1) Tariff for Green Power:

In order to encourage generation and use of green power in the State, the Commission decides to 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

Based on the distribution network cost of Rs.582.62 Crs and sales of 6485.83 MUs and allotting the cost in the ratio of 30:70 between HT & LT network, GESCOM has proposed the following wheeling charges :-

Injection Point 	HT	LT
Drawal Point 		
HT	26.95 [6.13%]	89.83 [13.55%]
LT	89.83 [13.55%]	62.88 [7.42%]

Note: Figures in brackets are applicable loss.

Further, it is stated that the present concessional wheeling & banking charges is affecting their distribution business as the system loss is above the charges specified. Hence they have requested to maintain parity in wheeling charges for RE sources also. Further, they have requested to extend banking facility on monthly basis and to charge the excess energy injected at the month end at Commission determined tariff. Also, it is stated that the generator is pumping energy when cheaper energy is available and drawing the banked energy when demand is more during summer, forcing GESCO to buy high cost power. Based on the above grounds GESCO has stated that, its distribution business is affected.

The Commission has noted the replies furnished by GESCO. The approach of the Commission regarding wheeling & banking charges is discussed in the following paragraphs:

In determining the wheeling charges, the Commission has considered the ARR pertaining to distribution wires business as done in the previous years.

6.6.1 Wheeling within GESCO Area:

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

TABLE 6.2
Wheeling Charges

Distribution ARRRs. Crs	505.30
Sales-MU	6204.96
Wheeling charges - paise/unit	81.43
	Paise/unit
HT-network	24.43
LT-network	57.00

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

Loss allocation	% loss
HT	5.15
LT	6.67

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

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

		paise/unit	
Injection point →		HT	LT
	Drawal point ↓		
HT		24 (51.5%)	81 (11.82%)
LT		81 (11.82%)	57 (6.67%)

Note: Figures in brackets are applicable loss

The wheeling charges as determined above are applicable to all the open access/wheeling transactions for using the GESCO network, except for energy wheeled from RE 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 ESCOM's network are used, Transmission Charges shall be payable to the Transmission Licensee. Wheeling Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

Illustration:

If a transaction involves 100 units are injected, then at the drawal point the consumer is entitled for 84.82 units, after accounting for Transmission losses of 3.81% & GESCO distribution losses of 11.82%.

The Transmission charge in cash as determined in the Transmission Tariff order shall be payable to KPTCL & Wheeling charge of 81 paise per unit shall be payable to GESCO. In case more than one ESCOM is involved the above 81 paise shall be shared by all the ESCOMs involved.

- iii. If only ESCOM's network is used, the Wheeling Charges of the ESCOM where the power is drawn is payable and shall be shared equally among the ESCOMs whose networks are used.

Illustration:

If 100 units are injected, then at the drawal point

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11.82%.

The Wheeling charge of 81 paise per unit applicable to GESCOM shall be equally shared between GESCOM& BESCO.

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

The Commission vide order dated 24.04.2014 has extended the validity of h \ Y ' c f X Y f ' B c " 6 # \$ % # % ' X U h Y X ' %%" \$ + " & \$ \$, '] b ' h \ Y Banking 5 [f Y Y a Y b h ĩ ' ' i d ' h c ' ' \$ " \$ * " & \$ % (' c f ' h] ' ' ' h \ the matter, whichever is earlier. As such, for RE sources wheeling energy to the consumers in the State the existing Wheeling and Banking charges are continued up to 30.06.2014 or till the issue of revised order in the matter, whichever is earlier.

6.6.4 CHARGES FOR WHEELING ENERGY BY RE SOURCES 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 generators opting for Renewable Energy Certificates, the charges and the terms & conditions as specified in the order of the Commission dated 09.10.2013 applicable.

6.7 Other tariff related issues:

- i) Fuel Cost Adjustment Charge

The Commission in its tariff order dated 30 April, 2012 had decided to introduce fuel cost adjustment charges and the Commission has notified the Regulations on 22nd March 2013. The Fuel cost adjustment charges have come into effect from the billing quarter beginning from 1st July, 2013. Subsequently, the Commission has notified an amendment to this Regulation on 3rd December, 2013. Accordingly the Commission is reviewing FAC claims of ESCOMs on quarterly basis and separate Orders are being issued.

ii) Cross subsidy surcharge:

GESCOM in their filing has proposed CSS of 161.26 paise/unit for HT Consumers at 66 KV and above level and 80.70 paise/unit at HT level of 33 KV.

The Commission had observed that the calculation worked out by GESCOM was not correct as per the formula specified in the Regulations. Further, The Commission had directed GESCOM to propose CSS for each of the HT categories separately.

The Commission notes that, GESCOM in its replies has revised the CSS as 249.02 paise/unit for HT Consumers at 66 KV and above level and 90.53 paise/unit at HT level of 33 KV, considering the average tariff of all HT consumer put together.

The Commission notes that GESCOM has not proposed CSS for each of the HT categories separately.

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:

Paise/Unit

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	443.81	640.72	804.61	713.63	168.00	353.17	586.98	1182.71
Cost of supply (With PPC at 5% margin) @ 66 kV and above level	587.97	587.97	587.97	587.97	587.97	587.97	587.97	587.97
Cross subsidy surcharge paise/unit @ 66 kV & above level	-144.20	52.70	216.60	125.70	-420.00	-234.80	-1.00	594.70
Cost of supply (With PPC at 5% margin) @ HT level	632.58	632.58	632.58	632.58	632.58	632.58	632.58	632.58
Cross subsidy surcharge paise/unit @ HT level	-188.80	8.10	172.00	81.00	-464.60	-279.40	-45.60	550.10

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

Paise/unit

Voltage level	HT-2a	HT-2b	HT-2c	HT-5
66 kV & above	42	173	101	476
HT level-11 kV/33kV	7	138	65	440

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

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

iii) Rebate for use of Solar Water Heater

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

iv) Prompt payment incentive

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

v) Relief to Sick Industries

The Government of Karnataka has extended certain reliefs to sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. The Commission, in its Tariff Order 2002, has accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the Tariff

Order 2003/2005. The Commission decides to continue the same subject to the collection of the amount of relief from the GoK in advance.

vi) Power Factor

The Commission had retained the PF threshold limit and surcharge, both for LT and HT installations at the levels existing as in the Tariff Order 2005. The Commission has decided to continue the same in the present order as indicated below:

LT Category (covered under LT-3, LT4, LT5 & LT6 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

U WWc f X] b [` m ž ` d Y b X] b [` ec High Court in respect of WP c b N V ` 18215/2007.

6.8 Effect of Revised Tariff

As per the KERC (Tariff) Regulations 2000, read with MYT Regulations 2006, the ESCOMs have to file their applications for ERC/Tariff before 120 days of the close of each financial year in the control period. The Commission observes that the ESCOMs have filed their applications for revision of tariff on 13th December, 2013. As the tariff revision is effective from 1st May, 2014 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 II and detailed tariff schedule is enclosed vide Annexure III.

6.9 Summary of Tariff Order 2014:

- ³ The Commission has approved an A RR of Rs.3354.86 Crores for FY15 as U [U] b g h ` ; 9 G 7 C A Ñ g ` d f c d c g Y X ` 5 F F ` c Z ` F g " ' & + + " %'
- ³ The revenue gap as worked out by the Commission is Rs.381.00 Crores as against GESCOM estimated gap of Rs.577.79 Crores inclusive of the gap of FY13.
- ³ The Commission has allowed additional revenue of Rs.229.20 Crores on Tariff revision as against the proposed additional revenue of Rs.199.38 Crores for FY15.
- ³ GESCOM has proposed an increase of 66 paise for all categories of consumers other than BJ/KJ households & IP Sets The Commission has approved an average increase of 32 paise per unit in the tariff for all consumers other than IP sets and BJ/KJ households

- 3 The Commission has increased the tariff for LT Water Supply by 10 paise per unit and HT Water Supply installations by 20 paise per unit in both urban and rural areas.
- 3 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 500 KVA and above is continued in this Order.
- 3 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.
- 3 As in the previous Order, the Commission has continued to provide a separate fund for facilitating better Consumer Relations /Consumer Education Programs.
- 3 The cap on short-term power is continued at Rs.4.50 per unit to meet shortfall in supply.
- 3 Fodder choppers and Milking Machines with a connected load up to 1 HP are included under LT2 category.
- 3 IT / ITes / Start up / Animation / Games / Computer graphics establishments which were hitherto billed under commercial category are included under LT / HT industrial tariff category.

6.10 7 c a a] g g] c b Ñ g ` C f X Y f

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 GESCO for FY14 as stated in Chapter 6 of this Order.
2. The tariff determined in this order shall come into effect for the electricity consumed from the first meter reading date falling on or after 1st May, 2014

3. This order is signed, dated and issued by the Karnataka Electricity Regulatory Commission at Bangalore this day, the 12th May, 2014.

Sd/-

(M.R.Sreenivasa Murthy)
Chairman

Sd/-

(H.D. Arun Kumar)
Member

Sd/-

(D.B. Manival Raju)
Member

APPENDIX

REVIEW OF COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION

1. The following are the new directives issued by the Commission:

i) Directive on Load Shedding:

During the public hearings conducted by the Commission in different parts of the State, consumers across different sections have complained against frequent disruption in the supply of power particularly by way of unscheduled load shedding. Organisations representing industry and trade have pointed out that several small scale industries which do not have captive generation facility often suffer huge losses due to interruptions in power supply which results in loss of materials and man hours. Commercial and domestic consumers also suffer serious inconvenience due to frequent interruptions in power supply.

The Commission is aware that load shedding due to unforeseen outages of generation facilities resulting in reduction in the availability of power and due to constraints in the transmission and distribution networks sometimes force the ESCOMs to resort to load shedding. However, it is necessary that load shedding is resorted to only in unavoidable circumstances after taking due care to anticipate and address likely shortages in the availability of power. The consumers likely to be affected by such load shedding should also be kept informed to minimise inconvenience to them.

In its orders in OP No.26 of 2009 dated 26.8.2010, KERC had specified that load shedding for purposes of maintenance or for load management should be effected by ESCOMs by giving adequate notice to consumers through prior publication. The Commission also had advised ESCOMs on

several occasions that load shedding should be done as far as possible on a rotation of feeders / substations to minimise the impact of load shedding on any area or section of consumers. In view of the continuing difficulties represented by consumers on account of unscheduled / unpublished load shedding, the Commission considers it necessary to issue fresh directives in the matter for minimising inconvenience to consumers. The Commission directs that :

- (1) Load shedding required for planned maintenance of transmission / distribution networks should be notified in daily newspapers at least 24 hours in advance for the information of consumers.
- (2) ESCOMs shall on a daily basis estimate the hourly requirement of power for each substation in their jurisdiction based on the seasonal conditions and other factors affecting demand.
- (3) Any likelihood of shortfall in the availability during the course of the day should be anticipated and the quantum of load shedding should be estimated in advance. Specific sub stations and feeders should be identified for load shedding for the minimum required period with due intimation to the concerned sub divisions and substations.
- (4) The likelihood of interruption in power supply with time and duration of such interruption may be intimated to consumers through SMS and other means.
- (5) Where load shedding has to be resorted to due to unforeseen reduction in the availability of power, or for other reasons, consumers may be informed of the likely time of restoration of supply through SMS and other means.
- (6) Load shedding should be carried out in different sub stations / feeders to avoid frequent load shedding affecting the same sub stations / feeders.
- (7) ESCOMs should review the availability of power with respect to the projected demand for every month in the last week of the previous month and forecast any unavoidable load shedding after consulting

other ESCOMs in the State about the possibility of inter-ESCOM load adjustment during the month.

- (8) ESCOMs shall submit to KERC their projections of availability and demand for power and any unavoidable load shedding for every succeeding month in the last week of the preceding month for approval.
- (9) ESCOMs shall also propose specific measures for minimizing load shedding by spot purchase of power in the power exchanges or bridging the gap by other means.
- (10) ESCOMs shall submit to the Commission Substation wise and feeder wise data on interruptions in power supply every month before the 15th day of the succeeding month.

The Commission directs that ESCOMs shall make every effort to minimize inconvenience to consumers strictly complying with the above directions. The Commission will review the compliance of directions on a monthly basis for appropriate orders.

- ii) Directive on Establishing a 24x7 Fully Equipped Centralized Consumer Service Center for Redressal of Consumer Complaints.

During the public hearings held by the Commission, several Consumers have brought to the notice of the Commission that the Customer Call Centers established in ESCOMs are not functioning effectively resulting in delay in restoration of power supply after interruptions and attending to other complaints from consumers. Hence, the consumers have represented that ESCOMs should establish Centralized Consumer Call Centers immediately for registering their complaints relating to power supply. The Commission is also of the view that establishing 24x7 fully equipped Centralized Consumer Call Centers at the Headquarters of ESCOMs to improve the delivery of services is the need of the hour. It is also important that, after establishing such a system, the ESCOMs need to take further steps to popularize the system to enable more and more

consumers to register their complaints relating to supply of electricity with the Call Centers.

GESCOM is directed to put in place a 24x7 fully equipped Centralized Consumer Service Center at its Headquarters with state of the art facility/system for receiving consumer complaints and monitoring their redressal so that electricity consumers in its area of supply are able to seek and obtain timely and efficient services / redressal in the matter of their grievances. Such a Service Center shall have adequate number of desk operators in each shift so that consumers across the jurisdiction of GESCOM are able to lodge their complaints directly with this Centre.

Every complaint shall be received on a helpline telephone number by the desk operator and registered with a docket number which shall be intimated to the Consumer. Thereafter, the complaints shall be transferred online / communicated to the concerned field staff for resolving the same. The concerned O&M/local service station staff shall visit the Wc a d ` U] b U b h Ñ g ` d f Y a] g Y g ` ` # ` Z U i ` h ` ` c W U h] c b ` U h complaints and then inform the Centralized Service Centre that the complaint is attended. In turn, the call centre shall call the complainant and confirm with him whether the complaint has been attended to. The Wc a d ` U] b h g ` ` g \ U ` ` ` V Y ` W ` c g Y X ` ` c b ` m ` U Z h Y f ` ` f Wc a d ` U] b U b h Ñ g ` Wc b Z] f a U h] c b " ` G i W \ ` U ` g m g h Y a ` g reports indicating the number/nature of complaints received, complaints attended, complaints pending and reasons for not attending to the complaints.

GESCOM shall publish the details of the complaint handling procedure / Mechanism with contact numbers in the local media periodically for the information of the consumers. The compliance of the action taken in the matter shall be submitted to the Commission within two months from the date of this Order.

Further, the Commission directs GESCOM to establish/strengthen 24x7 service stations, equipping them with separate vehicles & adequate line crew, safety kits and maintenance materials at all its Sub-Divisions including rural areas for effective redressal of consumer complaints.

The Commission also directs GESCOM to hold Consumer Interaction Meetings in each O&M Sub-Division once every two months according to a published schedule and invite consumers in advance to participate in such meetings to sort out their grievances. Such meetings shall be chaired by officers of the level of Superintending Engineers and attended by the concerned divisional and sub-divisional Engineers. GESCOM shall submit compliance of the same to the Commission once in a quarter.

2. Review of Compliance of Existing Directives:

The Commission had in its earlier tariff orders and in various letters issued several directives for compliance by GESCOM. Compliance of the directives as reported by GESCOM is outlined in this Section.

In the last Tariff Order, the Commission had decided to review the action taken by GESCOM to comply with each of the directives by holding separate hearings / meetings for the purpose. Accordingly, the Commission has reviewed the status of compliance of directives at a separate review meeting held during 19th October, 2013 with ESCOMs and taken note of the extent of compliance furnished by them. During the review meeting, the Commission observed that while some of the directives have been fully complied with, some important directives like energy auditing, implementation of NJY & HVDS, Demand Side Management in agriculture and electrification of unelectrified households are yet to be complied with adequately.

Hence, the Commission having observed substantial compliance of its directives by ESCOMs and also in view of quarterly reviewing of some of its directives like monitoring of Quality of Power Supply, Regularization of unauthorized IP Sets etc., separately, has decided to review the status of compliance of directives by consolidating and grouping all the directives issued hitherto into seven important directives for compliance by GESCOM which are discussed in this chapter as follows:

i) Directive on Energy Audit

The Commission had directed GESCOM to prepare a metering plan for energy audit to measure the energy received in each of the interface points and to account for the energy sales. The Commission had also directed GESCOM to conduct energy audit and chalk out an Action Plan to reduce distribution losses to a maximum of 15 per cent wherever it was above this level in towns/ cities having a population of over 50000.

The Commission had earlier directed ESCOMs to complete installation of meters at the DTCs by 31 December, 2010. In this regard ESCOMs were required to furnish to the Commission the following information on a monthly basis on the progress achieved in respect of

- a) Number of DTCs existing in the Company.
- b) Number of DTCs already metered.
- c) Number of DTCs yet to be metered.
- d) Time bound monthly programme for completion of work.

Compliance by GESCOM

GESCOM is conducting energy audit of towns/cities in Gulbarga, Bidar, Raichur, Hospet, Bellary, Koppal, Gangavati, Yadgir, Shahabad, Sindhanur and Basava Kalyan. R-APDRP Project is sanctioned for 21 towns. All the 21

towns have gone live with Metering, Billing & Collection (MBC) Modules and one town (Wadi) with full stack. All the 21 towns are expected to go live full stack by February 2014.

The energy audit details of all the 11 towns with population more than 50,000 are appended below:

Sl. No.	Name of the town/city	Average Percentage Distribution losses recorded			
		FY - 11	FY -12	FY -13	FY -14 (Up to Sept 2013)
1	Gulbarga	23.66	20.50	21.36	18.83
2	Shahabad	43.15	27.16	29.98	25.61
3	Yadgir	27.31	27.44	32.04	26.38
4	Bidar	33.89	26.84	26.09	28.56
5	B'kalyan	27.95	29.74	20.03	22.81
6	Raichur	22.01	24.35	24.15	24.97
7	Sindhnoor	20.4	20.71	22.35	18.89
8	Koppal	16.46	14.48	15.08	15.83
9	Gangavathi	19.54	17.61	18.81	18.82
10	Hospet	15.27	11.35	16.70	15.12
11	Bellary	21.82	22.87	25.57	19.77
GESCOM		23.31	21.50	22.77	20.91

Year	Towns / Cities with Percentage Distribution Losses				
	Less than 10%	10 - 15%	15 - 20%	20- 25%	More than 25%
FY -11	-	-	3	4	4
FY -12	-	2	1	4	4
FY -13	-	-	3	4	4
FY -1 (up to Sept 2013)	-	-	6	2	3

The Technical losses calculated as per the sample study conducted at Gulbarga:

Trajectory Loss Level
33kV Line losses (Reading taken @ sending end)

33 kV Lines Loss

Sl No.	Month and Year	Name of the 33 kV Line	Length of the feeder in Kms	Conductor used	Sending end Energy at 110 kV MUSS in kWh	Receiving end Energy in kWh	11 kV Bank energy in kWh	33 kV Line Loss	% age Loss
1	Oct-13	Hanumasa gar to Chalagera	9	Coyote	430000	420000		10000	2.33
2		Takkalkote to Rudrapada	14.5	Coyote	2057280	2011600	2087000	45680	2.22
3		Moka to NDPL (Sanganak allu)	10.1	Coyote	436200	427000	420000	9200	2.11
Average 33 kV Line Loss									2.22

33/11 kV Power Transformer losses (Reading taken before transformer 33kV and after transformer 11kV bank side)

Sl No.	Month and Year	Name of the 33 kV Sub-Station	Power Transformer Receiving end Energy in KWH (HV)	Power Transformer Sending end Energy in KWH (LV)	33 kV Transformer Loss	% age Transformer Loss
1	Oct-13	Azadpur	1710000	1700000	10000	0.58
2	Oct-13	Gobbur	560000	550000	10000	1.79
3	Oct-13	Hadgil Haruthi	570000	550000	20000	3.51
4	Oct-13	Ankalga	860000	820000	40000	4.65
5	Oct-13	Mudbi	776000	768000	8000	1.03
6	Oct-13	Hudgi	986000	976000	10000	1.01
7	Sept-13	Bilwara	530000	500000	30000	5.66
8	Sept-13	Hattikuni	630000	620000	10000	1.59
9	Aug -13	Rudrapada	951000	944000	7000	0.74
10	Aug -13	Itagi	1322000	1318000	4000	0.30
11	May-13	Bagdal	950000	932000	18000	1.89
Average 33 kV Power Transformer Loss						1.90

Abstract of 11 kV feeder wise dist. Losses (including 11 k V transformers, LT line and commercial losses) of GESCOM for the month of Aug 2013

Sl.
No.