



**KARNATAKA ELECTRICITY REGULATORY COMMISSION**

# **TARIFF ORDER 2013**

OF

## **MESCOM**

*(UNDER MYT FRAMEWORK)*

ON

**ANNUAL PERFORMANCE REVIEW FOR FY12**

**&**

**APPROVAL OF MYT FOR FY14-16**

**&**

**RETAIL SUPPLY TARIFF FOR FY14**

**6<sup>th</sup> May 2013**

---

**6<sup>th</sup> and 7<sup>th</sup> Floors, Mahalaxmi Chambers**

**9/2, M.G. Road, Bangalore-560 001**

**Phone: 080-25320213 / 25320214**

**Fax: 080-25320338**

**Website: [www.kerc.org](http://www.kerc.org)**

## CONTENTS

CHAPTER		Page No.
<b>1</b>	<b>Introduction</b>	<b>3</b>
<b>1.0</b>	Brief history of MESCOM	<b>3</b>
<b>1.1</b>	Multi Year Tariff Regulations	<b>4</b>
<b>1.2</b>	MESCOM at a glance	<b>5</b>
<b>2</b>	<b>Summary of filing and tariff determination process</b>	<b>6</b>
<b>2.0</b>	Background of current filing	<b>6</b>
<b>2.1</b>	Preliminary observation of the Commission	<b>6</b>
<b>2.2</b>	Public hearing process	<b>7</b>
<b>2.3</b>	Consultation with the Advisory Committee of the Commission	<b>8</b>
<b>3</b>	<b>Suggestions and objections</b>	<b>9</b>
<b>3.1</b>	Hon'ble Sri Prahlad Joshi, Member of Parliament	<b>9</b>
<b>3.2</b>	Hon'ble Sri M.V. Rajashekharan, Former Union Minister of State for Planning	<b>10</b>
<b>3.3</b>	Hon'ble Sri Ramachandra Gowda, MLC, Vice Chairman, State Planning Commission	<b>10</b>
<b>3.4</b>	Suggestions and objections by other interested persons	<b>11</b>
<b>3.5</b>	List of the persons who made oral submissions during Public Hearing	<b>12</b>
<b>3.6</b>	Brief outline of the objections raised, response from MESCOM and Commissions' view	<b>13</b>
<b>4</b>	<b>MESCOM's filing for APR for FY12</b>	<b>55</b>
<b>4.1</b>	MESCOM's submission	<b>55</b>
<b>4.2</b>	MESCOM's financial performance as per audited accounts for FY12	<b>57</b>
<b>4.3</b>	Commission's analysis and decision	<b>58</b>
<b>5</b>	<b>Business Plan and Annual Revenue Requirement for FY14</b>	<b>74</b>
<b>5.0</b>	Business Plan	<b>74</b>
<b>5.1</b>	ARR for FY 14-16 – MESCOM's filing	<b>74</b>
<b>5.2</b>	Annual Revenue Requirement for FY12 & FY13	<b>76</b>
<b>5.3</b>	Annual Revenue Requirement for FY14-16	<b>76</b>
<b>5.3.1</b>	Capital Investment for FY14-16	<b>76</b>
<b>5.3.2</b>	Sales forecast for FY14-16	<b>82</b>
<b>5.3.3</b>	Distribution losses for FY14-16	<b>89</b>
<b>5.3.4</b>	Power purchase for the control period FY14-16	<b>91</b>
<b>5.3.5</b>	O&M expenses	<b>97</b>
<b>5.3.6</b>	Depreciation	<b>100</b>
<b>5.3.7</b>	Interest on loan	<b>102</b>
<b>5.3.8</b>	Interest on working capital	<b>103</b>
<b>5.3.9</b>	Interest on consumer deposit	<b>104</b>
<b>5.3.10</b>	Other interest and finance charges	<b>105</b>
<b>5.3.11</b>	Return on equity	<b>106</b>

<b>5.3.12</b>	Other income	<b>107</b>
<b>5.3.13</b>	Fund towards consumer relations/consumer education	<b>108</b>
<b>5.4</b>	Abstract of ARR for FY14-16	<b>108</b>
<b>5.5</b>	Segregation of ARR into ARR for distribution business and ARR for retail supply business	<b>110</b>
<b>5.6</b>	Gap in revenue for FY14	<b>112</b>
<b>5.7</b>	Average cost of supply	<b>113</b>
<b>6</b>	<b>Determination of Tariff for FY14</b>	<b>114</b>
<b>6.1</b>	Tariff application	<b>114</b>
<b>6.2</b>	Statutory provisions guiding determination of tariff	<b>114</b>
<b>6.3</b>	Consideration for tariff setting	<b>115</b>
<b>6.4</b>	Revenue at existing tariff and deficit for FY14	<b>116</b>
<b>6.5</b>	Other issues	<b>144</b>
<b>6.6</b>	Determination of wheeling charges	<b>145</b>
<b>6.7</b>	Other tariff related issues	<b>148</b>
<b>6.8</b>	Effect of revised tariff	<b>152</b>
<b>6.9</b>	Summary of Tariff Order 2013	<b>153</b>
<b>6.10</b>	Commission's Order	<b>155</b>

## LIST OF TABLES

Table No.	Content	Page No.
<b>4.1</b>	ARR for FY12 – MESCOM's submission	<b>56</b>
<b>4.2</b>	Finance performance of MESCOM	<b>57</b>
<b>4.3</b>	Comparison of sales – Approved Vs. Actuals – FY12	<b>58</b>
<b>4.4</b>	Approved source-wise power purchase for FY12	<b>59</b>
<b>4.5</b>	Actual source-wise power purchase for FY12	<b>60</b>
<b>4.6</b>	Allowable uncontrollable O&M expenses for FY12	<b>61</b>
<b>4.7</b>	Allowable O&M expenses for FY12	<b>61</b>
<b>4.8</b>	Allowable interest on working capital	<b>68</b>
<b>4.9</b>	Allowable RoE for FY12	<b>70</b>
<b>4.10</b>	Approved ARR for FY12 as per APR	<b>71</b>
<b>4.11</b>	Approved additional subsidy for FY12	<b>73</b>
<b>5.1</b>	ARR for FY14-16 – MESCOM's submission	<b>74</b>
<b>5.2</b>	Capex for FY14-16 – MESCOM's submission	<b>78</b>
<b>5.3</b>	Approved Capex for FY14-16	<b>81</b>
<b>5.4</b>	Estimated sales for FY14-16 – MESCOM's submission	<b>82</b>
<b>5.5</b>	Approved specific consumption of IP set for FY14-16	<b>89</b>
<b>5.6</b>	Approved sales for FY14-16	<b>89</b>
<b>5.7</b>	Approved distribution losses for FY14-16	<b>91</b>
<b>5.8</b>	Source-wise procurement proposal submitted by MESCOM for FY14	<b>92</b>
<b>5.9</b>	Source-wise procurement proposal submitted by MESCOM for FY15	<b>92</b>
<b>5.10</b>	Source-wise procurement proposal submitted by MESCOM for FY16	<b>93</b>
<b>5.11</b>	Estimated energy requirement allowed for the control period FY14-16	<b>94</b>
<b>5.12</b>	Approved power purchase requirement of MESCOM for calculation of retail tariff for FY14	<b>95</b>
<b>5.13</b>	Approved power purchase requirement of MESCOM for calculation of retail tariff for FY15	<b>95</b>
<b>5.14</b>	Approved power purchase requirement of MESCOM for calculation of retail tariff for FY16	<b>96</b>
<b>5.15</b>	Abstract of approved sales, distribution losses and power purchase for FY14-16	<b>96</b>
<b>5.16</b>	O&M expenses for FY14-16 – MESCOM's proposal	<b>98</b>
<b>5.17</b>	Approved normative O&M expenses for FY14-16	<b>99</b>
<b>5.18</b>	Approved uncontrollable O&M expenses – FY14-16	<b>100</b>
<b>5.19</b>	Approved O&M expenses for FY14-16	<b>100</b>
<b>5.20</b>	Approved depreciation for FY14-16	<b>101</b>
<b>5.21</b>	Approved interest on loans	<b>103</b>
<b>5.22</b>	Interest on working capital for FY14-16 – MESCOM's proposal	<b>103</b>
<b>5.23</b>	Approved interest on working capital for FY14-16	<b>104</b>

<b>5.24</b>	Interest on consumer deposit for FY14-16 – MESCOM's proposal	<b>104</b>
<b>5.25</b>	Approved interest on consumer deposit for FY14-16	<b>105</b>
<b>5.26</b>	Approved interest on finance charges for FY14-16	<b>106</b>
<b>5.27</b>	Approved RoE for FY14-16	<b>107</b>
<b>5.28</b>	Approved consolidated ARR for FY14-16	<b>109</b>
<b>5.29</b>	Segregation of ARR – MESCOM's proposal	<b>110</b>
<b>5.30</b>	Approved segregation of ARR	<b>111</b>
<b>5.31</b>	Approved ARR for distribution business for FY14-16	<b>111</b>
<b>5.32</b>	Approved ARR for retail supply business for FY14-16	<b>112</b>
<b>5.33</b>	Average cost of supply for FY14	<b>113</b>
<b>6.1</b>	Revenue deficit for FY14	<b>116</b>
<b>6.2</b>	Wheeling charges	<b>145</b>

## LIST OF ANNEXURES

<b>SL. NO.</b>	<b>DETAILS OF ANNEXURES</b>	<b>PAGE NO.</b>
<b>I</b>	Approved source-wise power purchase for FY14-16	<b>184-192</b>
<b>II</b>	Proposed and approved revenue for FY14	<b>193-194</b>
<b>III</b>	Electricity Tariff for 2014	<b>195-227</b>

<b>ABBREVIATIONS</b>	
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
BESCOM	Bangalore Electricity Supply Company
BNC	Billing & Collection
BPL	Below Poverty Line
BRAZ	Bangalore Rural Area Zone
BWSSB	Bangalore Water Supply & Sewerage Board
CAG	Comptroller & Auditor General
CAGR	Compound Annual Growth Rate
CDT	Commission Determined Tariff
CERC	Central Electricity Regulatory Commission
CE	Chief Engineer
CEA	Central Electricity Authority
CESC	Chamundeshwari Electricity Supply Corporation
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
FAC	Fuel Adjustment Cost
FC	Fixed Charges
FDSC	Foreign Debt Service Charges
FEC	Fuel Escalation Charges
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
RGGVY	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 6<sup>th</sup> day of May, 2013.**

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

**In the matter of:**

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

<b>Present:</b>	<b>Shri M.R.Sreenivasa Murthry</b>	<b>Chairman</b>
	<b>Shri Vishvanath Hiremath</b>	<b>Member</b>
	<b>Shri K.Srinivasa Rao</b>	<b>Member</b>

**O R D E R**

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

- a) Approval of the Annual Performance Review for the financial year FY-12 and ARR for FY-14 to FY-16.
- b) Approval of the revised distribution and Retail supply Tariff for the financial year 2013-14 (FY14).

In exercise of the powers conferred under Sections 62, 64 and other provisions of the Electricity Act, 2003, read with KERC (Terms and

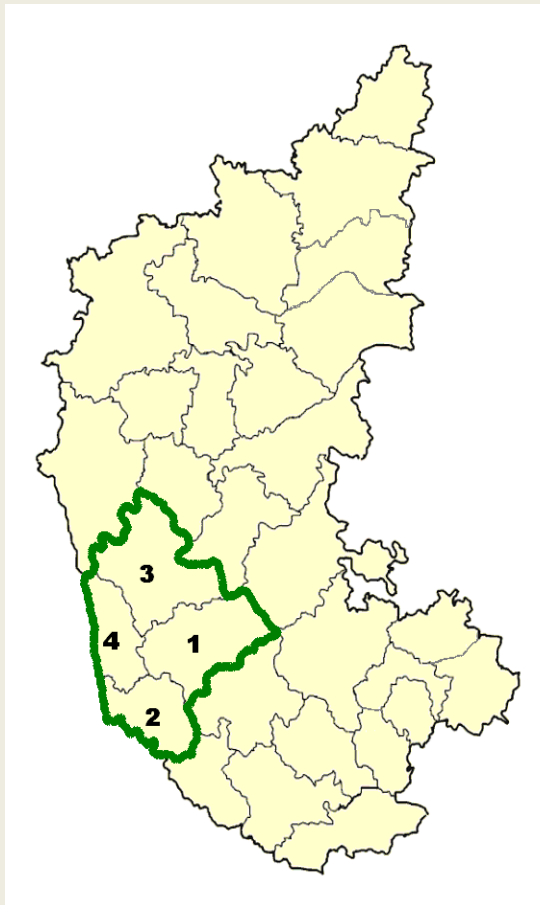
conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, and other enabling Regulations the Commission has carefully considered the applications and the views and objections submitted by the consumers and other stakeholders. The Commission's decisions are given in this order, Chapter wise.

# CHAPTER – 1

## INTRTODUCTION

### 1.0 Brief History of MESCOM:

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



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

MESCOM is a registered company under the Companies Act, 1956, incorporated on 30<sup>th</sup> April 2002. MESCOM has commenced its operations from 1<sup>st</sup> June 2002.

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

At present MESCOM's area of operations is divided into One Distribution zone headed by a Chief Engineer, namely Mangalore zone. This zone is further divided into four circles headed by Superintending Engineers, and twelve Divisions headed by Executive Engineers. The divisions are further divided into Forty nine sub-divisions with each of the sub-divisions having two to three O & M section offices. There are 189 O & M accounting / non accounting section offices. Section offices are the base level offices looking into operation and maintenance of the distribution system in order to provide reliable and quality power supply to its consumers.

## **1.1 Multi Year Tariff Regulations:**

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

## 1.2 MESCOM at a glance:

The profile of MESCOM is as indicated below:

Sl. No.	Particulars (As on 30-09-2012)		Statistics
1.	Area	Sq. km.	26220
2.	Districts	Nos.	4
3.	Taluks	Nos.	22
4.	Population	lakhs	61.55
5.	Consumers	lakhs	18.78
6.	Energy Consumption in FY12	MU	3570.21
7.	Zone	Nos.	1
8.	DTCs	Nos.	39530
9.	Assets (as on 31.03.2012)	Rs. in Crores	926.99
10.	HT lines	ckt. kms	26597
11.	LT lines	ckt. kms	71333
12.	<b>Total employees strength:</b>		
A	Sanctioned	Nos.	6465
B	Working	Nos.	3841
13.	Demand in FY12	Rs. in Crores	1624.43
14.	Collection in FY12	Rs. in Crores	1548.20

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

MESCOM's applications, as also the objections / views of stakeholders and the Commission's decisions on the approval of Annual Performance Review for FY12, ERC for FY14 to FY16 and the retail supply tariff for FY14 are discussed in detail in the subsequent chapters of this Order.

## CHAPTER – 2

### SUMMARY OF FILING & TARIFF DETERMINATION PROCESS

#### 2.0 Background for Current Filing:

The Commission in its Order dated 28<sup>th</sup> October 2011 had approved the revised ERC and the retail supply tariff of MESCOM for FY12. MESCOM in its present application dated 10<sup>th</sup> December 2012 has sought approval of ERC for the third control period FY14 to FY16 and approval of the retail supply tariff for FY14 under the MYT principles. Further, MESCOM has also sought approval for Annual Performance Review based on the audited accounts for FY12.

#### 2.1 Preliminary Observations of the Commission

After preliminary scrutiny of applications the Commission had communicated its preliminary observations on 28<sup>th</sup> December 2012. The preliminary observations were mainly on the following points:

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

MESCOM in response has furnished its replies on 4<sup>th</sup> January 2013. The replies furnished by MESCOM are considered in the respective Chapters of this Order.



## **2.2 Public Hearing Process**

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

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

<b>Name of the News Paper</b>	<b>Language</b>	<b>Date of Publication</b>
HosaDigantha	Kannada	17 <sup>th</sup> & 18 <sup>th</sup> January 2013
Vijaya Karnataka		
The New Indian Express	English	
The Hindu		

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

In response to the application of MESCOM the Commission has received totally two thousand nine hundred eighty statements / letters of objections. MESCOM has furnished its replies to all these objections. The Commission has held a Public Hearing on 28<sup>th</sup> February 2013 at Mangalore. The details of the written / oral submissions made by various stake holders and the response from MESCOM thereon have been discussed in Chapter - 3 of this Order.

## **2.3 Consultation with the Advisory Committee of the Commission**

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

## CHAPTER – 3

### SUGGESTIONS & OBJECTIONS

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

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

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

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

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

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

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

**MESCOM Reply**

Increase in electricity rates is inevitable due to increase in the electricity Generation Cost, Transmission and Distribution line maintenance related costs and also to provide quality power supply to the consumers.

**3.3 Hon'ble Shri Ramachandra Gowda, MLC, Vice Chairman, State Planning Commission, Vidhana Soudha, Bangalore-1.**

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

1. The proposal for not increasing the Electricity charges in respect of BJ/KJ and IP sets up to 10HP is appropriate.
2. Electricity rate should not be raised in respect of consumers who are consuming up to 100 units.

3. Electricity rate should not be raised in respect of installations pertaining to hostels of Backward Classes, SC/ST and general category students.
4. The proposal to hike Rs 0.70 per unit at a time seems to be high and the same is to be reduced to Rs 0.35 per unit.

### **MESCOM's Reply**

Regarding serial No. (1), (2) & (3) MESCOM has stated that at present the Hon'ble Commission is scrutinizing the tariff revision Application. The Commission may consider the suggestions of the Hon'ble member.

Regarding serial No.(4) increase in electricity rates is inevitable due to increase in the electricity Generation Cost, and Transmission and Distribution line maintenance related cost. Hence, the proposed tariff increase is commensurate with the increase in the electricity supply cost.

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

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

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

SI No	Application No.	Name & Address of Objectors
1.	MB-01	Karnataka Costal Ice and Cold Storage Owner's Association, Canara Ice Plant, Pandubettu, Ambalapady, Udupi Dist.
2.	MA-01 to MA-20	Sri Shekar M. Shetty, Javalli village, Tudur Post, ThirthalliTaluk, Shimoga District and others of ThirthalliTaluk, Shimoga District
3.	MA-21	Sri NarasimhaNayak, Secretary, Thirthalli Irrigation Pumpset users Association, ThirthalliTaluk, Shimoga District.
4.	MA-22	Sri Anil Savur.D, Secretary, The Karnataka Planters Association, Spencer Road, Post Box No.18, Chikmagalur-577 101.
5.	MA-23	Sri D. Vijaya Krishna Bhat of BharathiyaKissanSangha ( R), Puttur, D.K
6.	MA-24	Sri B.S Subraya, BharathiyaKissanSangha ( R) Puttur, D.K
7.	MA-25 to MA-28.	Sri SathyanarayanaUdupa& Others, BharathiyaKissanSangha, Udupi
8.	MA-29	Sri. Udaya Kumar, Secretary, Karnataka Costal Ice Plant and Cold Storage Owner's Association, Udupi Dist.
9.	MA-30.	Sri S.N. Eswar, Hon General Secretary, KASSIA, #2/106, 17 <sup>th</sup> Cross, Magadi Chord Road, Vijayanagar, Bangalore-560 040.
10.	MA-31	Sri S. Rajashekar, Secretary General, FKCCI, Federation House, K.G.Road, Bangalore- 560 009.
11	MA-32	Sri Prem Chand, Chief Electrical Services Engineer, South Western Railway, Hubli.
12	MA-33	Sri GauravHegde, Secretary, Kanara Small Industries Association, Baikampady, Mangalore -575011
13	MA-34	Sri K. JayarajPai, President, District Small Industries Association , Mangalore
14	MA-35	Sri Mohammed Ameen, President, Kanara Chamber of Commerce & Industry, Chamber building, Bunder, Mangalore.
15	MA-36 to MA-42	Sri Ramakrishna Sharma, and others of UdupiZillaKrisihikaSangha, Udupi
16	MA-43 to MA-52	Sri K. Krishnaswamy and others of ThirthalliTq.
17	MA- 53	Sri M SrinivasaBallala of UdupiZillaKrisihikaSangha, Udupi
18	MA-54 to MA -74	Sri K KManjappa and others of ThirthalliTq
19	MA- 75 to MA- 820	Sri P Jayarama Krishna, Dakshina Kannada Electricity & River Water Consumers Welfare Society, Bantwal
20	MA-821 & MA-822	Sri Abraham Fernandes, of UdupiZillaKrisihikaSangha, Udupi
21	MA 823	Sri D SubramanyaBhat, Hegdekodi, Veerakambha village, BantvalTq, Post Kodapadavu.
22	MB-2 to 2152	Sri VasudevaShanbhag& others of BharatiyaKissanSangha, Udupi
23	AE-01	Sri M Lakshminarayan, M/s Bangalore Chamber of Industry & Commerce, No. 3/4, 3rd Floor, Southern side of Oblong Block, Unity Buildings, J.C Road, Bangalore-560002
24	AE-02	Sri Anish Shah, Vice President, M/s Doddanavar Global Energy Pvt Ltd., No.6, Lower Palace Orchards, Sankey Road, Sadashivanagar, Bangalore-560 003.
25	AE-03	Association of Health Care Providers (India), Ground Floor, Indian Medical Association House, IndraprasthaMarg, New Delhi – 110 002
26	AE-04	Sri.K.Padmanabha, No.16, First Cross, Binny Mill Road, GanganagarExtn., Bangalore - 560 032.

27	AE – 05	Sri RamachandraGowda, MLC, Vice Chairman, State Planning Commission, VidhanaSoudha, Bangalore-1.
28	AE- 06	Sri M V Rajashekharan, Former Union Minister of State for Planning, Sri MallikarjunaNilaya, No. 20/1, Kanakapura road, Basavanagudi, Bangalore -4.

**3.5 List of the persons who made oral submission during the Public Hearing on 28.02.2013.**

Sl No.	Name & Address of Objectors
1.	Sri. Udaya Kumar, Secretary,Karnataka Costal Ice Plant and Cold storage owner's Association, Udupi Dist.
2.	Sri. S. S. Kamath, Kanara Chamber of Commerce & Industry.
3.	Sri. V. A. Nasser, Kanara Chamber of Commerce & Industry.
4.	Sri Anil Savur.DSecretary,The Karnataka Planters Association.
5.	Sri NarasimhaNaik, ThirthalliTaluk, Shimoga District :
6.	Sri. Ramakrishna Shrama, President, UdupiZilla Farmers Associations,
7.	Sri RohitRao Representing FKCCI and KASSIA:
8.	Sri SreenivasBhat. Kudhi.
9.	Sri Sathyanaryanaudupa, BharathiyaKissanSangha, Udupi
10.	Sri Prabhakar Inna. BharathiyaKissanSangha, Udupi.
11.	Sri NarayanaGokale, BharatheeyaKisanSangha @ Karkala.
12.	Sri SubrayaBharatheeyaKisanSangha @ D.K Puttur.
13.	Sri. K. JairajPai, District Small Industries Association, Mangalore.

**3.6 Brief outline of Objections raised response from MESCOM and the Commission's views:**

Sl.No	Appn. No.	Objections	MESCOM Replies
1.	MA-01 to MA-20 MA-43 to MA-74	<b>Sri Shekar M. Shetty&amp; Other 19 consumersfrom ThirthalliTaluk.</b> <b>Sri. K.KrishnaSwamy, and other 33</b>	

		<p><b>consumers from Thirthalli Taluk.</b></p> <p>MESCOM is not providing quality power supply as assured by them. The existing lines are very old and not capable of carrying the present load. The Distribution Transformers/ fuse Kits are also not properly maintained and there is shortage of maintenance staff. On account of this MESCOM is unable to provide uninterrupted power supply.</p> <p>There is no necessity to hike tariff, if MESCOM properly controls the theft of electricity / distribution loss, and requested the Commission not to increase the tariff.</p>	<p>MESCOM has taken all the necessary action to provide quality power supply to IP sets. The existing old lines which are not capable of taking the present load are being replaced by higher capacity lines. Action is being taken to establish new Sub- stations in the areas where there are low voltage problems. As part of strengthening the network, two new Sub-stations have been commissioned, 2400 No.of distribution transformers are provided and 922 kms of HT/LT line reconductoring work has been completed during FY12.</p> <p>MESCOM is taking necessary action to control theft of Electricity. 759 numbers of theft cases have been registered during FY12. MESCOM is also making efforts to reduce distribution losses by properly utilizing of its</p>
--	--	---	--



			resources.
2.	MA-21	<p><b>Irrigation Pumpset user Association.</b></p> <p>During the current year MESCOM has supplied less than 50% of total requirement of electricity in its jurisdiction and also is not publishing the schedule of power shut down in advance. Hence requested the Commission to not to hike power tariff unless MESCOM shows improvement in power supply.</p>	<p>For carrying out predetermined maintenance work, MESCOM is giving notification in two newspapers. But, it is not possible to give prior intimation in case of any outages due to unavoidable Technical problems.</p>
3.	MA-22	<p><b>The Karnataka Planters Association</b></p> <p>The objector has explained the various difficulties faced by the coffee planters in Karnataka. IP sets are used in coffee plantations for sprinklers for a maximum period of 6 weeks in a year between 15<sup>th</sup> Feb and 31<sup>st</sup> March to aid coffee blossoms and backing and is used only if rains fail or get delayed. Hence, IP sets used in plantations of Chikamagalur &amp; D.K District shall be considered as seasonal industry.</p> <p><b>2) To merge LT4 (c) (i) and LT4 (c) (ii) with LT4 (a).</b></p> <p>98.80% of coffee sector are small growers whose holdings are below 10 HP, and they can in no way be</p>	<p>The Hon'ble Commission has classified the consumers based on certain reasoning in the earlier orders. MESCOM has continued with the same classification in the present proposal also.</p>

		<p>compared with private horticulture nurseries. Hence, these categories have to be merged under LT4 (a).</p> <p><b>3) Quality of Power Supply.</b></p> <p>It is stated that the quality of power supplied in plantation areas is very poor with frequent interruptions. In spite of the Commission's directions to provide at least a minimum 6 hours of 3 phase power supply in plantation areas, the power supply given by MESCOM is not satisfactory.</p> <p>Further, requested the MESCOM to exclusively create 365x24 Repair and Maintenance Mobile unit for the hilly and plantation areas in Chikmagalur district.</p> <p><b>4) MESCOM has to recover the energy dues from other ESCOMs and arrears from consumers.</b></p> <p>MESCOM shall take measures to collect outstanding dues amounting to Rs.432.51 crore from other ESCOMs and Rs.406.70 crore from its consumers.</p>	<p>At present Hon'ble Commission is considering the average cost of supply for determining the tariff and increase in tariff is inevitable.</p> <p>In spite of severe constraints like network deficiencies, manpower shortage and crunch in fund availability; MESCOM has continued its efforts to provide equated power supply to its consumers.</p> <p>At present 24x7 Service Stations are in operation where the density of consumer complaints is comparatively high and the facilities will be extended considering the actual field requirement.</p>
--	--	--	--

		<p><b>5) Projection of high energy sales &amp; Capital Investments for the years 2013-14 to 2017-18 by MESCOM.</b></p> <p>The stakeholder has raised objection to projection of high energy sales &amp; boosting up of Capital investment plan for the year 2013-14 to 2017-18 by comparing MESCOM's actual sales for the year 2011-12 &amp; 2012-13. It is stated that the actual sales for the years 2013-17 could be much less.</p>	<p>The receivables to the tune of Rs.432.51 crores from other ESCOMs has already been considered as recovered in the respective accounting years as the accounts of the company are being drawn up on accrual basis. Hence the question of transferring this amount to the consumers does not arise. However, MESCOM is constantly pursuing for the recovery of the amount from the other ESCOMs.</p> <p>Every estimate is based on certain parameters. For example, for estimation of energy sales the CAGR growth of past 3 years is taken. For projecting revenue, slab wise consumption and connected load in the previous year is taken. For projecting expenses the trend of the expenses in the previous years is taken.</p>
--	--	--	---

4.	MA-23 & MA-24	<p><b>BharathiyaKissanSangha ( R)</b></p> <p>Some of the stake holders have raised objections to the ESCOM's proposal of uniform increase in tariff by 70 paise per unit sought across all categories except BJ/KJ and IP sets, though the financial position of each ESCOM differs from each other. Further, the life line consumption under LT2 (a) category should be increased from 30 units to 100 units.</p> <p>Stop regularization of unauthorized IP sets and provide meters to all IP sets installations and to bill as per the recorded consumption.</p>	<p>The financial conditions of ESCOMs differ from each other. But power purchase cost is allocated to ESCOMs by PCKL based on the energy requirement of each ESCOM. All these information along with the detailed calculations of MESCOM's ARR and ERC worked out in accordance with the Regulations have been furnished in the filing. The Commission will take appropriate action and issue tariff order.</p> <p>Action is being taken as per the GoK orders.</p> <p>IP sets consumption is assessed based on the consumption recorded in the meters fixed to the transformers which are predominately feeding to IP installations. Meters fixed to the IP installations have been unauthorizedly removed in some places.</p>
----	---------------------	--	---

5.	MA-25 to28 MB-02 To 2152	<p><b>BharathiyaKissanSangha, Udupi</b></p> <p><b>2151 Members of BharathiyaKissanSangha (R), Udupi District.</b></p> <p>MESCOM has earned a profit of Rs.54.73 crores during FY12 but by giving various reasons it has projected a loss of Rs.209.14 crores for FY14 and proposed 70 paise/unit hike. Hence the same is objected to.</p> <p>The power purchase cost of Rs.432.51 crores paid by MESCOM in respect of other ESCOMs is not yet recovered. In view of this, MESCOM has paid Rs.77.10 crores interest on delayed payment of power purchase cost. Hence, the MESCOM proposal of tariff hike for recovering the same is objected to.</p> <p>BJ/KJ and IP installation are metered, but instead of recovering subsidy from the Government based on the actual consumption, the MESCOM has recovered excess amount of subsidy from the Government based on the assessed</p>	<p>MESCOM has stated that in considering Rs.123.26 crores subsidy pertaining to the previous year, the surplus for 2011-12 was arrived at Rs.54.73 crores, otherwise there would have been a deficit of Rs.68.53 crores. As there is no such transaction during 2013-14, the deficit is arrived at Rs.209.14 crores.</p> <p>The payment towards power purchase has been made to the generators according to the allocation made by GoK. Amount receivable from other ESCOMs is arrived at from the energy reconciliation made at the end of the year. Action is being taken to recover the same.</p> <p>IP set's consumption is assessed based on the</p>
----	--------------------------------------	--	---

	<p>consumption.</p> <p>MESCOM has projected income and expenditure based on FY11 tariff order instead of FY12 tariff order and MESCOM is able to earn more profit during FY13 based on FY12 tariff order. Hence, objected to the tariff revision proposal.</p> <p>The stakeholders have also objected for allocation of larger proportion of the high cost energy purchase made in the State to MESCOM.</p> <p>The objectors have stated that the MESCOM is not providing uninterrupted power supply to industries, commercial and domestic installations in rural areas.</p> <p>There is a shortage of essential staff in the MESCOM, hence, it has failed in giving quality service to the consumers and also it has not implemented the directives issued by the Commission properly.</p>	<p>consumption recorded in the meters fixed to the transformers which are predominately feeding to IP installations. Meters fixed to the IP installations have been unauthorizably removed in some places. BJ/KJ installations are being billed based on the recorded consumption.</p> <p>The projections are not made based on the figures of any particular year. The details of the basis on which the projections are made is clearly mentioned in the tariff filing.</p> <p>Allocation of power from various sources depends on the GoK policies.</p> <p>Power supply to rural areas has been given duly considering the availability of energy and</p>
--	--	--

			<p>also the GOK policy.</p> <p>As per the orders of GOK, action is being taken for Recruitment of maintenance staff. But due to some legal reasons the appointments are withheld.</p>
6.	<p>MB-01</p> <p>MA-29</p>	<p><b>Karnataka Costal Ice and Cold Storage Owner's Association.</b></p> <p><b>Karnataka Costal Ice Plant and Cold storage owner's Association.</b></p> <p>There are 165 ice plants situated within 5 kms from sea shore and producing ice only for the purpose of fishing. These plants are suffering from high power tariff and are unable to compete with the ice plants in Kerala and Goa. As a result more than 10 ice plants are already closed and some more plants are going to be closed shortly. Further it is mentioned that consumption in respect of 165 ice plants for 2011-12 is only 49973873 units as against the consumption of 17 freezing plants for the same period is 13189833 units. Hence, requested the Commission to give separate tariff to ice plants similar to the tariff in Goa and Kerala.</p>	<p>The Commission has issued tariff orders after detailed verification of the objections raised by the objectors and also considering all the relevant aspects. Regarding categorization of tariff the Commission has taken its decision after detailed discussion and considering relevant aspects in the previous tariff orders. Hence MESCOM proposes to continue the existing tariff.</p>

<p>7.</p>	<p>MA-30 MA-31</p>	<p><b>KASSIA , FKCCI Defective Filing.</b></p> <p>MESCOM has not published all the documents filed before the Commission except the following. The Petition for APR for FY12, ARR for FY14 – FY16, and determination of tariff for FY14.</p> <p>MESCOM has not filed its audited accounts for the previous financial years, but has only filed the audited accounts for FY12.</p> <p><b>Performance Review &amp; Prudence Check.</b></p> <p>MESCOM has not got any prudence check done of its figures pertaining to previous control period.</p> <p><b>Alteration/Modification of the Control Period.</b></p> <p>As per KERC MYT Regulations the control period shall mean, at the first instance a period of 3 years commencing from FY 2008-09 and thereafter, a period of 5 years. Whereas, MESCOM has considered 3 years which is contrary to</p>	<p>MESCOM has furnished all the relevant documents as per the KERC Regulations. The Commission has concluded the APR for FY10 in the tariff order 2010 &amp; APR for FY11 in the tariff order 2011 based on the Annual Accounts of MESCOM. At present the Commission is taking up APR for FY12. Hence, MESCOM has filed audited accounts for FY12 only.</p> <p>The spirit of National Tariff Policy regarding comprehensive performance review is to ensure that the ARR/ ERC proposals are tried up duly comparing the same to the approved values of the tariff orders. In case of ESCOMs it is being done regularly on completion of each financial year which is more realistic.</p>
-----------	------------------------	---	--



	<p>MYTRegulations.</p> <p><b>Non Adherence to Accounting Standards.</b></p> <p>MESCOM has not drawn up its accounts in accordance with Companies Act 1956 and also not followed relevant Accounting standards.</p> <p><b>Capitalization of Consumer Deposits.</b></p> <p>MESCOM ought to be given a direction that the consumer contributions that have been capitalized, either under any order of the Government or otherwise, needs to be excluded from the capital. Further request for a prudence check onRoE, depreciation, interest or other income by the Commission.</p> <p><b>Unlawful Power Allocation.</b></p> <p>The State Government is not empowered to allocate the power between ESCOMs as there is no provision either in Electricity Act or Karnataka Electricity Reforms Act or in any of the Regulations issued by the KERC. Hence, requested the</p>	<p>As per clause 2.4 of the MYT Regulations the Hon'ble Commission can specify the duration of the control period. Accordingly Commission has fixed the duration of 3<sup>rd</sup> control period as 3 years in letter NO.KERC/12-13/1707 dated 09.10.2012.</p> <p>In view of APTEL order in appeal No.108 of 2010, the Commission has desired certain details from the ESCOMs which have been submitted. The Commission will issue necessary orders duly validating the same.</p> <p>A portion of consumer security deposit was capitalized as per the Government directions and MESCOM is claiming the interest paid on consumer security deposit and also RoE as per the provisions of MYT</p>
--	--	---

	<p>Commission to allocate power between ESCOMs as per Electricity Act 2003.</p> <p><b>Objections to Petition for APR.</b></p> <p>There are absolutely no details available from the petition as to how the tariff subsidy of Rs.330.08 crores is arrived at. It is further stated that the alleged increased sale of energy to IP set consumers, who are largely unmetered consumers cannot be verified and as such there is no basis for conducting a performance review of MESCOM.</p> <p>MESCOM has utilized the previous year's subsidies towards profit. The same is completely impermissible. But as per the KERC Regulations the subsidies received have to be debited towards subsidy. If there is any surplus then it has to enure the benefit of the subsidizing consumer. The amounts cannot be capitalized or treated towards profits.</p> <p>Depreciation, RoE , O&amp;M expenses , interest on working capital are not calculated as per MYT Regulations.</p> <p><b>Objections to the Contents in the</b></p>	<p>Regulations.</p> <p>Being a Government company MESCOM has to follow its order.</p> <p>The GOK is releasing tariff subsidy to the extent of the energy consumed by the IP sets consumers with sanctioned load of 10HP and below and in respect of BJ/KJ consumers up to the consumption limit of 18 units per month, as per the policy of</p>
--	---	---

	<p><b>Petition for ARR, ERC and Tariff.</b></p> <p>It is pointed out that as on September 2012 about 7000 unauthorized IP connections are yet to be regularized. Hence no ARR or ERC ought to be considered for these unauthorized connections.</p> <p>An amount of Rs.184.42 crores is due from urban and rural local bodies. Requested the Commission to give appropriate directions to the State Government in the matter.</p> <p>The Capex program of MESCOM should not be considered, without prudence check and comprehensive review.</p> <p>The MESCOM has sought for 70 paise per unit increase in tariff across all categories except BK/KJ and IP (Below 10 HP), but it has not submitted any details or justification for such an increase in tariff.</p>	<p>the Government. This has been indicated in form D24 of the MESCOM filing.</p> <p>The previous year's subsidy accounted by MESCOM in FY12 is pertaining to the subsidy head only. It can be observed that MESCOM has brought forward the profit of Rs.54.73 crores for FY12 to the ARR of FY14 and reduced that much of burden to be passed on to the other category of consumers.</p> <p>MESCOM has detailed all the assumptions and calculations considered for estimating the ARR of the ensuing control period in the petition and Commission is validating the same.</p> <p>MESCOM has taken up the regularization of IP sets as per orders of the GoK. Details of regularization of Unauthorized</p>
--	--	--

			<p>IP sets have been given in the petition and the Commission is validating the same.</p> <p>MESCOM is consistently pursuing recovery of the arrears due from the local bodies relating to street light and water supply installations.</p> <p>The Commission has initiated for prudence check of Capex programmes in the 2rd control period.</p> <p>In Chapter-8 of the ERC/ARR/Tariff petition, MESCOM has indicated the calculation of "Net Revenue Deficit" to be passed on to the consumers. Based on this, it has been proposed for uniform tariff increase of 70 paise per unit across all categories, except BJ/KJ and IP sets (10HP &amp; below).</p>
--	--	--	--

8.	MA-32	<p><b>South Western Railway.</b></p> <ol style="list-style-type: none"> <li>1. The proposed hike in the tariff at Rs.0.70 per unit at a flat rate irrespective of categories is unjustified as it brings a variation of 10.77% to 30.43% hike in different categories.</li> <li>2. Requested for single part tariff instead of present two part tariff. To award a special tariff at a much lower rate than the present rate of Rs.4.80/ Kwh.</li> <li>2. BMRCL which is using electrical energy for traction purpose is presently being charged at Rs.4.60/ unit and MD charges at Rs.180/KVA. Request to apply the same tariff to Railway Traction also.</li> <li>3. Provide incentives for improved power factor above 0.9.</li> <li>4. At present Railway Quarters is under HT-4 tariff, it is requested to charge a tariff of LT-2(a)(i) to Railway Quarters treating it as a special case.</li> <li>5. Under Tariff LT2 (a), it is requested to introduce a new category for consumers taking bulk domestic</li> </ol>	<p>Due to increase in various costs particularly the power purchase cost, the average cost of supply of electricity has increased considerably and it becomes inevitable for MESCOM to propose for increase in tariff.</p> <p>MESCOM will follow the orders of the Commission.</p> <p>MESCOM will follow the orders of the Commission.</p> <p>MESCOM will follow the orders of the Commission.</p> <p>MESCOM will follow the orders of the Commission.</p>
----	-------	--	--

		supply at one point and further distributing themselves. The line maintenance and bill collection shall be undertaken by the ESCOMs.	MESCOM will follow the orders of the Commission.
9.	MA-33 MA-34 MA-35	<p><b>Kanara Small Industries Association. District Small Industries Association. Kanara Chamber of Commerce &amp; Industry. Financial Matters.</b></p> <p>MESCOM in its application has followed the principle of inflating the expenditure and discounting the income. The objector has also furnished a table showing the variation in the projected deficits as per the application and the actual results as per the Audited financial statements of MESCOM.</p>	The projections in the ARR/ERC proposals are based on the principles laid down in MYT Regulations duly considering the trends in the previous year and also the inflation factors. The reasons for the variation are detailed in the Annual Revenue Performance Review application to the Commission. Also, while approving the proposals, the Commission is validating the expenditure as well as revenue components prudently.
		A sum of Rs.121.42 crores is paid as interest during FY12 inclusive of interest capitalized when compared	It is inevitable for MESCOM to bear the interest costs on the capital investment borrowings

	<p>to Rs.95.90 crores in FY11. Similarly an amount of Rs.750 crores dues is shown as receivables from KPTCL and other ESCOMs for FY12 which was only Rs.234 crores in the year 2007-08 and no interest is received or charged for the same. Whereas MESCOM is borrowing money on which interest is paid.</p> <p>MESCOM pays interest on meter security deposits to the consumers and also computes on the same amount considered as capital, and interest @ 15% p.a for purposes of computing the tariff. Hence, urged to disallow latter interest in computation of Tariff.</p> <p><b>Technical Issues</b></p> <p>Request the Commission to classify service industries such as private workshops which undertake repairing and upgradation work of Automobile and Transport vehicles under LT5 category as in the case of KSRTC workshops. Further, in ToD tariff additional levy should not be imposed for the consumption during peak hours but only rebate has to be allowed for the consumption during off-peak hours.</p>	<p>which are being borrowed for various systems strengthening and improvement works in order to up keep the electrical network in good condition. ESCOMs have to pay the generators on the allocation of power and at the end of the financial year energy balancing is being carried out considering the actual usage.</p> <p>The capitalization of the consumer security deposit was done as per the directions of the Government.</p> <p>MESCOM will follow the classification of consumer categories and levy of tariff charges contained in the Commission's order.</p>
--	--	--

		<p>Requested to set up 24 hours centralized service station at Baikampady to improve the customer services.</p> <p>The objector has suggested to take meter readings of industries on the immediately succeeding day of the scheduled days of reading, if the reading date falls on weekly holidays/ National Holidays, as it is very difficult to arrange staff members on these days.</p>	<p>Service station is already in operation at Baikampady Industrial area.</p> <p>MESCOM has to adhere to the schedule of meter readings.</p>
10.	MA-36 to MA-42 MA-53 MA 821 MA 822	<p><b>8 Members of Udupi Zilla Farmers Associations from Udupi District.</b></p> <p>1. Instead of increasing the electricity charges by 70 paise per unit, MESCOM has to reduce Distribution losses and then there will be no revenue gap. A special squad shall be created to attend to line troubles/ maintenance during monsoon season.</p> <p>2. As the Government is giving subsidy to Education and Health departments, similarly the Government has to give more subsidies to the MESCOM to</p>	<p>When compared to other ESCOMs the Distribution loss level in MESCOM is very low. Action is being taken to further reduce the distribution losses. A special maintenance squad is already functioning in order to attend line troubles/ maintenance effectively during the monsoon season.</p> <p>Allocation of subsidy depends on the Government policy.</p>



		<p>bridge its revenue gap to avoid increase in tariff.</p> <p>3. Action shall be taken to educate the consumers regarding inspections by vigilance squad, back billing and appeal procedures and Rules / Regulations, of the company.</p> <p>4. IP sets up to &amp; inclusive of 10HP are provided with free power supply, but electricity bills are issued creating confusion. Power supply to new installations is being delayed contending non availability of small and low value materials.</p>	<p>Action is being taken to register theft cases in accordance with EA 2003. As per section 127 of EA 2003 consumers can submit their appeal for revision of vigilance orders involving back billing. All these details are hosted on the MESCOM website.</p> <p>Though the electricity bills are issued, it is clearly stated in the bill that the 'Government is making payment'. Bills are issued in order to inform consumers about the subsidy amount paid by the Government to the IP set consumers.</p>
--	--	--	--

11.	MA-75 to MA 820	<p><b>746 Members of South Kannada Electricity and River water user's welfare Association.</b></p> <p>1.Low voltage problems and frequent unscheduled power cuts in the villages are being continuedand MESCOM shall take measures to improve the services.</p> <p>2.The problems of shortage of linemen and essential materials are not solved.</p> <p>3.Rebate shall be given in electricity bill in respect of solar lighting, CFL and LED bulbs installed by the consumers.</p>	<p>In order to overcome the low voltage problems MESCOM has Commissioned two new sub stations during FY12. Considering the over load situation in sub stations, about 2400 Distributions Transformers are installed and 922 Km HT/LT line have been replaced up to December 2012, during the current financial year.</p> <p>As per the orders of GOK, action is being taken for Recruitment of maintenance staff. But due to some legal issues the appointments are withheld.</p> <p>MESCOM will follow the orders of the Commission.</p>
12.	MA-823	<p><b>D. SubrahmanyaBhat,</b></p> <p><b>Preparation of Accounts in Violation of Companies Act, 1956.</b></p> <p>The annual accounts submitted along with the application for APR for FY12,Accounts for FY13 to FY16,</p>	<p>In the view of APTEL order in Appeal No.108 of 2010, the</p>

	<p>filing of ERC for FY14 to FY16 have been prepared by following the Accounting policies / procedures as laid down in Electricity (Supply) Annual Accounts Rules,1985. But Hon'ble ATE in appeal No.108 of 2010 has directed the Commission to direct licensees to submit the annual accounts statements in accordance with Companies Act henceforth. Hence the objector has requested the Commission to reject the application and direct licensee to submit a fresh application based on the accounts prepared and audited under the Companies Act 1956.</p> <p><b>Violation of Companies Act, 1956.</b></p> <p>As per companies Act 1956, only the Board of Directors can authorize a Director, the Manager, the Secretary or the authorized officer of the Company to sign the tariff application. Clause 3(5) of KERC Tariff Regulations 2000 also provides that tariff applications have to be signed by an authorized officer of the licensee. The current application has been filed by an Executive Engineer Electrical (RA) who is not a Director or Secretary or</p>	<p>Commission has desired certain details from the ESCOMs which have been submitted. The Commission will issue necessary orders regarding the same.</p> <p>As per clause 17 of the G&amp;C Proceeding Regulations, representation or petition and affidavit in support of the petition may be made before the Commission through an authorized employee also. The authorization given to the</p>
--	--	--

	<p>Manager of the company. Hence he cannot legally file the application or sign the papers to be filed before the Commission, in the absence of duly executed power of Attorney. Therefore, the tariff application needs to be rejected.</p> <p>The licensee has resorted to load shedding daily without any sanction from the Commission, as provided under Section 23 of the Act. Hence, the licensee has no right to demand any enhancement in tariff. Thus the objector urges the Commission to initiate appropriate action against the MESCOM and other ESCOMs for resorting to illegal load shedding.</p> <p>The licensee has no liability on Minimum Alternative Tax, as per the decision of Hon'ble Income Tax Appellate tribunal in ITA no. 3390/Mum/09 dated 30.09.2010. Hence, request the Commission to reject the claim of the licensee for pass through of alleged income tax.</p> <p>The licensee is already holding 2MMD from all its consumers. The power supply for a billing period up</p>	<p>Executive Engineer (Ee), Regulatory Affairs, is as approved in the Board of Directors meeting. On the basis of the authorization given the authorized signatory has filed the ERC etc., It is therefore valid, maintainable and not liable to be rejected.</p> <p>Being a Government Company, MESCOM has to follow the policy directions of the Government and it is necessary to match the requirement with the availability and also to have equitable distribution of available power to the consumers. MESCOM has also managed to provide the declared hours of electricity by and large. The unscheduled load shedding is only in case of technical problems and not intentional.</p>
--	---	---

	<p>to 60 days is secured by 2 MMD. Hence,there cannot be any bad debts if the licensee takes action in time. If licensee is not able to recover the power charges beyond 60 days period, cost of such lapses on the part of licensee should not be passed on to the consumers.</p> <p><b>Violations of KERC (Tariff) 2000.</b></p> <p>The licensee has not furnished the statement of any subsidy committed by GoK, the consumers to whom it is directed, and the way in which such subsidy is proposed to be reflected in the proposed tariffs applicable to these consumers.</p> <p><b>Discrepancies in Consumer Security Deposits:</b></p> <p>An amount of Rs.205.50 crores towards consumer deposits was capitalized and treated as Government Contribution to the Capital of ESCOMs. In respect of the said amount ESCOMs have been claiming RoR and on the other hand paying bank rate of interest to the consumers and claiming as pass through in the tariff. This is highly unreasonable.</p> <p>As per the audited accounts,</p>	<p>As per the provisions of MYT, MESCOM has not claimed Income tax for FY14.</p> <p>Commission is disallowing the claims of bad debts consistently.</p> <p>The GoK is extending the tariff subsidy in respect of energy consumption of IP sets with 10 HP &amp; below and in respect of BJ/KJ installations up to the</p>
--	--	---

	<p>interest paid on consumer deposit for FY12 is Rs.16.95 crores and as per format D9 of the petition it is Rs.17.05 crore. The discrepancy in the security deposit account and interest paid on the same requires greater scrutiny by the Commission.</p> <p><b>Non-compliance of Directives issued by the Commission.</b> The licensee has totally failed to improve the efficiency of its operations by implementing the directions issued by the Commission. Hence, the application is liable to be dismissed as not maintainable.</p> <p><b>Counter to the Averments made in ERC &amp; Tariff Filing.</b> The transmission tariff proposals of KPTCL were not opposed by the licensee so far, but the licensee has been supporting the same in all the past years, subject to the decision of the Commission.</p> <p><b>Assumption of Power Consumption Under IP sets and BJ/KJ category.</b> MESCOM has claimed 92.74% of IP sets and 89.69% of BJ/KJ installations as metered at the end of FY12, but the calculations of consumption for IP sets &amp; BJ/KJ installations are not made on the basis of meter readings. The estimation made in</p>	<p>consumption limit of 18 units. This has been indicated in Form-24 of the tariff petition.</p> <p>A portion of consumer security deposit was capitalized as per the Government directions and MESCOM is claiming the interest paid on consumer security deposit and also ROE as per the provisions of MYT regulations.</p> <p>The error observed by the objector is an inadvertent one and the Commission may kindly take note of the same while considering the MESCOM's proposal.</p> <p>MESCOM is making all efforts</p>
--	--	---

	<p>respect of IP set categories is based on imaginary assumptions and without any basis. Due to this the MESCOM is trying to claim higher subsidy from the Government.</p> <p>Transmission loss is included in the ERC of the applicant while the same is also included in the ERC of KPTCL.</p> <p>The assignment of PPAs to ESCOMs ought to be proportionate to their total energy requirement. But the PPAs of high cost energy have been assigned to the MESCOM and BESCOM only.</p> <p><b>Scrutiny of Audited Accounts of the MESCOM.</b></p> <p>The objector has stated that the Commission while determining tariff or while considering passing of any expenses incurred by the licensee to the consumers, has the duty to</p>	<p>for compliance of directives of the Commission, which is a continues process. Commission is also reviewing the reports of MESCOM periodically.</p> <p>Commission will decide the proposals submitted by KPTCL judiciously.</p> <p>MESCOM is assessing IP sets consumption based on the consumption recorded in the meter fixed to the DTC, ranging from 2 -4 in each of the sections, which is feeding predominantly to the IP sets. While doing so, the consumption of other load existing on the DTC is being deducted. This method of assessment is necessary in</p>
--	--	--

	<p>prudently check such expenditure. The objector has also quoted Hon'ble ATE's decision in the Appeal No.84 of 2006 dated 29.08.2006.</p> <p><b>Illegal Collection of Electricity Tax by the MESCOM:</b> Collection of Electricity Tax by ESCOMs is without authority and illegal, since as per the Karnataka Electricity (Taxation on Consumption) Act, 1959 the KPTCL alone comes under the definition of 'licensee'.</p> <p><b>Introduction of Pre-Paid Meters.</b> MESCOM has not arranged power supply through pre-paid meters. Hence, request the Commission to issue directions to the MESCOM to adjust the future bills of those consumers, who require to take the supply through pre-paid meters with the existing security deposit.</p> <p><b>Interest on Belated payment of Power Purchase Bills.</b> MESCOM is claiming interest on belated payment of Power purchase bills, citing the decision of Hon'ble ATE. The delay in payment is due to delay in release of subsidy</p>	<p>view of the fact that the meter fixed to the individual IP installations is to be calibrated to make them accurate in recording the consumption which involves a huge investment and sufficient manpower. Considering the errors in the meter readings at the consumer level, the consumption assessed at the DTC level is comparatively more accurate.</p> <p>MESCOM has included the transmission loss to arrive at the energy requirement at the generation point. This is necessary for estimation of power purchase cost.</p> <p>PPAs have been allocated by the Government and being a Government company MESCOM has to follow its order.</p>
--	---	--



	<p>from GOK and also non recovery of Rs.432.51 crores on account of energy balancing from other ECOMs. The objector request the Commission to direct the GOK to pay interest on delayed amount and the MESCOM should either bear the interest burden on energy balancing account, for its failure to recover the same timely or it should be passed on to other ESCOMs in proportion to their respective outstanding.</p> <p><b>Reasonable Return</b></p> <p>MESCOM cannot claim 19.377% return on the entire capital and reserves but can claim RoE, in proportion of 70:30 debt equity ratio on the capital employed. Hence,RoE claim of MESCOM should be reworked as per Regulations 3.6.1 of MYT Regulations.</p> <p><b>Other Major Discrepancies in the Tariff Filings:</b></p> <p><b>Unauthorized IP sets:</b></p> <p>The objector has requested the Commission to direct the MESCOM to arrange power supply to all IP sets applicants, without raising the untenable contention of dark and</p>	<p>Commission is validating the proposals submitted by the ESCOMs before issue of the Tariff Orders.</p> <p>Being a successor entitles of KPTCL, ESCOMs are fully empowered to collect electricity tax from the consumers and remit the same to the Government.</p> <p>MESCOM proposes to provide pre-paid meters for the installations coming under LT7 category for which tenders have already been floated.</p>
--	--	--

	<p>grey areas, as denial of power connection to any category of consumers on any ground other than the circumstances mentioned under section 44 of the Act, is violation of Section 43 of the Act and provisions of KERC (Duty to supply) Regulations, 2004.</p> <p><b>Solar Rebate- Need for Resource Neutrality.</b></p> <p>The objector has requested the Commission that the solar rebate should not be restricted to the installation with solar heaters. The same should be extended to all LT2 (a) consumers who don't have any heat load.</p> <p><b>Proposal to modify Tariff Applicable to LT2 (a) to private aided/ unaided Institutions.</b></p> <p>The Educational Institutions run by the State/ Central Govt/ Local Bodies are classified under LT2 (a) category, but Educational Institutions run by private parties including aided and unaided institutions are being covered under LT2 (b). Since the Government of India has recently approved the Right of Children to free education, the Commission also</p>	<p>The Commission is consistently disallowing the claims of MESCOM regarding the interest on belated payment of power purchase bills as the same has to be inevitably borne by MESCOM.</p> <p>In view of the APTEL order in Appeal No.108 of 2010, the Commission has desired</p>
--	--	---

	<p>needs to recognize the intention of the Government and compliment the same by structuring a benign tariff for the educational institutions imparting education up to 14 years, without differentiating between them either as government or private.</p> <p><b>Objections Regarding General Conditions of Tariff.</b></p> <p>The objector has requested to delete Clause-3 of General Terms and Conditions of Tariff which requires collection of minimum charges as guarantee for energization of installations.</p> <p><b>Request for Amendment of KERC Electricity (Supply Code), 2004.</b></p> <p>The ESCOMs are using the provisions of Section 126 of the Act for provisional assessment even in case of alleged theft of electricity in the absence of a method of assessment of electricity charges payable in case of theft of electricity, pending adjudication by the appropriate court. Due to this the consumers are facing great hardship and inconvenience. Hence, request the Commission to initiate the process for the incorporation of appropriate</p>	<p>certain details from the ESCOMs which have been submitted. The Commission will issue necessary orders duly considering the same.</p> <p>Under the provisions of Karnataka Ground Water (Regulation &amp; Control of Development and Management) Act, 2011, a district level committee has been constituted to examine and approve digging of bore wells considering the water availability of a particular area.</p>
--	--	---

		<p>Regulations as per the directions issued by the Hon'ble ATE, in public interest.</p>	<p>Rebates are being extended to the Consumers as per the tariff orders of the Commission.</p> <p>MESCOM has continued the tariff structure approved by the Commission in the earlier tariff orders.</p>
--	--	---	--

			<p>Such guarantee amount is being collected as security deposit as per KERC (Security Deposit) Regulations, 2007.</p> <p>It is for the Commission to consider the request of the objector.</p>
--	--	--	--

13.	AE-01	<p><b>M/s Bangalore Chamber of Industry &amp; Commerce.</b></p> <p>a) Industries in Karnataka are facing hardship due to unscheduled power cuts and are struggling to manage their production. Karnataka is purchasing power at cheaper rates from various independent power producers at Rs. 4-5 per unit apart from State owned generating stations. This should also be reflected in the power cost being charged by ESCOMs.</p> <p>b) ESCOMs should also look at adopting the Gujarat model of distributing power to farmers, as the Distribution companies are making enough profits to invest in developing new and competitive resources.</p>	<p>MESCOM has projected its revenue requirements with reasonable estimation which is based on the historic data. MESCOM has detailed all the factors in the proposal of 70 paise per unit of hike across all the categories excluding IP sets under LT-4(a) category and BJ/KJ installations. Further, while arriving at the power purchase cost MESCOM has considered the cost of power from all sources including the sources from the State owned generators and also NCE generators (Format D1 of the MESCOM petition). Hence, the proposed tariff hike is in accordance with the increased average cost of supply.</p> <p>In spite of severe constraints like network deficiencies,</p>

		<p>c) The ESCOMs should control their Administration and Distribution costs and provide adequate infrastructure for efficient functioning.</p> <p>d) Incentives shall be given to industries with high load factors treating them differently.</p>	<p>manpower shortage and crunch in fund availability, MESCOM has continued its efforts to cater equated power supply to its consumers. Further, as a part of the Company strategy to reduce Technical &amp; Commercial losses MESCOM is undertaking energy audit at division, feeder and DTC levels. Intensive energy audit is also being conducted at the selected cities/ towns.</p> <p>MESCOM is following necessary financial discipline in discharging its administrative &amp; O&amp;M expenses. Comparison of actually incurred cost with that of the cost approved by the Commission, detailed in the petition, will show the financial discipline being followed by the MESCOM.</p> <p>MESCOM is levying the tariff charges to its various categories of consumers as</p>
--	--	--	--

			approved by the Commission.
14.	AE-02	<p><b>M/s Doddanavar Global Energy Pvt. Ltd.</b></p> <p><b>Levy of Cross Subsidy Charges.</b></p> <p>The Objector has stated that they are generating wind power availing the wheeling and Banking facilities in Karnataka. The Reintroduction of cross subsidy surcharges has put them to hardship and rendered their business unviable and hence sought:</p> <p>a) To withdraw the cross subsidy charges for wind power in order to make the infirm wind energy power projects economically viable.</p> <p>b) To treat the Wheeling and Banking Agreement with Long term consumers on similar lines of captive generation.</p> <p>c) To provide option to Wheeling And Banking suppliers to switch over to PPA.</p>	<p>The Commission has considered the ESCOM's proposals for re-introduction of cross subsidy surcharge after a detailed examination of the situation and keeping in view the present power availability. Similarly, the wind energy tariff is also fixed by the Commission after taking into account all the relevant factors. As such, MESCOM request the Commission not to consider the request of the objector to withdraw the cross subsidy surcharge.</p> <p>The issue is policy related and MESCOM has nothing to comment on this.</p> <p>The issue is policy related and MESCOM has nothing to comment on this.</p>



15.	AE-03	<p><b>Association of Health Care Providers (India),</b></p> <p><b>Tariff for Private Hospitals.</b></p> <p>Objector has submitted that private hospitals are paying Electricity Charges on par with commercial installations though they are service oriented. In an effort to ensure a sterile and clean environment to patients, they tend to consume large amount of Electricity. Electricity charge is a significant expenditure incurred by private hospitals. It is also indicated that the survey conducted by Hosmac, a hospital planning and management consultancy, has revealed that tertiary-care hospitals with 300 beds and above spend approximately 60% on their power expenditure on services directly related to patient care services such as OPD, IPD, ICU, Radiology and Diagnostic services. The expenditure towards Electricity by these hospitals is 2 to 4% of their total expenditure. Further stated that the hospitals in Karnataka rank high in terms of Electricity consumption per bed per day i.e. about Rs.450/bed/day. They requested to reduce the Tariff to</p>	<p>MESCOM has to procure electricity from the generators in order to supply to consumers. In this course of activity, the company has to invariably bear the cost of power and also all the incidental costs for maintaining the electrical network to its optimum level. The increase in the cost of all dependent factors, year-on-year, has given rise to the need for an upward revision of tariff by the Commission, as the source of income for the company is only the tariff. Accordingly MESCOM has submitted a proposal for upward revision of tariff for FY14 also and the Commission is examining the same.</p>
-----	-------	---	---

		private hospitals, so as to enable them to reduce the costs of treatment.	
16.	AE-04	<p><b>Sri.K.Padmanabha,</b></p> <p><b>Tariff Schedule to Advertisement Boards/Hoardings.</b></p> <p>In the existing Tariff schedule the advertising units, displaying sign boards and hoardings placed in public places and private premises are classified into two categories. Private Advertising posts/ Sign boards in the interest of public are brought under LT-3 Commercial Tariff and all other advertisement boards are brought under LT-7 Temporary Power Supply tariff.</p> <p>The classification of tariff on the basis of public importance is unscientific and requested to review the same based on the license period granted by the Corporation/ Local Bodies.</p> <p>The objector has further indicated that the mobile towers are also of similar nature of installations which are classified under LT-3 tariff and requested for extending the same benefit.</p>	<p>The advertising boards are generally using electricity during peak hours i.e. from 6pm to 10 pm. During this period the electricity demand will be at its height and in order to ensure continuity of power supply the ESCOMs have to purchase power at a high cost ranging from Rs.6 to Rs.12 per unit. Hence, the objective of applying the LT-7 tariff, which is the highest in the existing tariff structure, for private advertisement/ hoardings is to mitigate the high cost of power.</p>
17.		<b>Objections raised during the public hearing by Sri NarasimhaNayak,</b>	

		<p><b>Thirthalli.</b></p> <p>It is stated that, establishment of substations at N.R. Pura, Kammaradi and Konandur has been delayed and requested to commission the same early.</p> <p>Regarding the IP set arrears of the FY 2008 and before, the objector stated that, the consumers are ready to pay the principal amount of the old arrears and urged the Commission and MESCOM to consider collecting the Principal amount only and waive the interest portion. Further, stated that, District wise awareness workshops are to be conducted to benefit the common consumers.</p>	<p>MD MESCOM stated that the 33/11 KV N.R pura sub station has already been Commissioned in the 3<sup>rd</sup> week of February and Kammaradi and Konandur substations are to be executed by KPTCL.</p> <p>The MD MESCOM stated that, the matter pertaining to payment of principal amount and district wise awareness workshops would be looked into.</p>
18.		<p><b>Sri SreenivasBhat, Kudhi.</b></p> <p>The directions of the Commission are not complied with by the MESCOM with regard to power supply conditions and urged to read all the meters of IP sets. The objector requested MESCOM to arrange for IP set connection as and when requested by the Consumer and</p>	<p>MD MESCOM stated that action would be initiated to replace faulty meters immediately and requested the farmers not to resort to unauthorized use of IP sets.</p>

		suggested that, this will not give way for unauthorized utilization of power for IP Set.	
19.		<p><b>Sri Prabhakar Inna, Consumer.</b></p> <p>Measures for conservation of energy are not implemented by MESCOM and at least the Bachat lamp yojana as used in BESCOM should have been considered in MESCOM. There is disparity in power supply disparity to urban and Rural consumers. The number of hours of power supply to Rural areas is to be increased. Some places in Chickamagalur still the Baliga (wooden) poles are existing which are in very bad shape and urged MESCOM to replace the same.</p>	<p>MD MESCOM stated that, action will be taken immediately to replace any deteriorated poles and also stated that, the number of hours of power supply to rural areas being given is more than the government stipulated timings.</p>

### 3.7 Commission Findings:

#### Regarding General Observations on Service made by the Objectors:

Several consumer organizations, and individuals during the course of their oral submissions in the public hearing held on 28<sup>th</sup> February 2013 at Mangalore, were generally appreciative of the services rendered by the company. Further, several suggestions were made by them for further improvements regarding the loading of transformers, safety of the equipment established at public places,

grant of new services, etc. Most of these suggestions were welcomed by the Managing Director representing the MESCOM who expressed his sincere thanks for the suggestions made and assured that the company will bring in further improvements in the services. The Commission also appreciates the efforts of the company in improving the quality of service and hopes that MESCOM will achieve even better standards of service.

**Violation of the Companies Act 1956.**

As per clause 17 of G & C Proceedings of Regulations, a representation or a petition with affidavit in support of the same, may be made before the Commission by a licensee through an authorized employee also. The Articles of Association referred to by the objectors deal with the powers of the directors and the Board, and they do not bar the Board from authorizing an officer to sign the petition. The authorization given to the Executive Engineer Electrical (Regulatory affairs) who is an officer of MESCOM and is authorized by MESCOM Board to represent it before the Commission is in order. Therefore, it cannot be contended that, filing of Petition by the Executive Engineer Electrical is contrary to the Articles of Association of the Company or the KERC Regulations.

**Regarding Request to merge LT-4 (c)(i) & LT-4(c)(ii) with LT-4(a).**

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

and therefore the Commission is of the view that the demand for merging coffee plantation under LT-4(a) category is not justified.

### **Regarding extending BMRCL rates for Railway Traction**

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

### **Regarding the change of tariff for Railways Staff Colonies.**

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

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

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

### **Regarding P.F. Incentives.**

The South Western Railway has requested for providing incentives for improved power factor above 0.9. This Commission, while

considering a similar request made by Railways, in its Tariff Order 2011 for MESCOM, dated 28.10.2011, rejected the demand for Power Factor Rebate above 0.9 for the following reasons :

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

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

**Regarding Prudence Check.**

This issue is dealt separately,

**Regarding Altering Control period.**

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

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

**Regarding Non-adherence to Accounting Standards.**

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

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

*“Since Section 69 of the 1948 Act was not applicable to the Companies those were in the business of supply of electricity prior to enactment of the Electricity Act 2003, it*



*cannot be held to be applicable to the companies formed after the enactments of 2003 Act and restructuring of the Board under Section 172 of 2003 Act by virtue of 185(2)(d) of the 2003 Act. The Commission is accordingly directed to direct the 2<sup>nd</sup> Respondent to submit the Annual Accounts Statement in accordance with the Companies Act henceforth. Depreciation on Grants, consumer's contribution etc shall have to be treated in accordance with Accounting Standard 12 of Institute of Chartered Accounts." [Emphasis supplied]*

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

**Regarding Capitalization of consumer security deposit.**

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

**Regarding Power allocation.**

It is contended by the objector that the allocation of power shall be done by this Commission and not by the Government. It is observed that the State is allocating the sources of power based on the availability and

requirement, the consumer profile and other factors of each ESCOM and the Commission is taking note of the same while determining the tariff. Therefore, while passing the present Tariff Order also, the Commission decides to go by the power allocation made by the State Government.

**Regarding Cross-subsidy.**

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

**Regarding RoE Calculation.**

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

**Regarding Uniform tariff increase sought by ESCOMs:**

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

**Regarding Levy of cross-subsidy surcharge.**

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

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

**Regarding Tariff to Private Hospitals.**

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

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

**Regarding Tariff Schedule to Advertisement Boards/hoardings**

The Commission notes the points raised by the objector/objectors in this regard and the views expressed by them are kept in mind while determining retail tariff.

**Regarding Solar Rebate.**

The Points raised by various objectors are examined. The Commission also considered the views of MESCOM. Keeping in view the Financial health of ESCOMs, request for increase in the rebate from Rs.50 to 100 is not considered.

**Regarding Distribution loss**

The Commission has noted the response of MESCOM. The MESCOM should take all necessary measures aimed at improving the performance and reducing the losses, as per the target set by the Commission.

### **Regarding Discrimination of Power Supply.**

The MESCOM classification of Rural & Urban consumers is well-justified in the present power position of the State.

### **Regarding special tariff to Ice plants.**

Regarding special tariff to Cold storage and Ice plant industries the commission requires authenticated data regarding consumption patterns. Therefore present Tariff will continue to the Ice plants. However, the Commission may examine this issue and take necessary action on the basis of the data, that may be made available.

### **Regarding classification of private aided/ unaided institutions under LT-2(a) category.**

Classification of Private aided/ unaided institutions is based on rational basis. This is also upheld by the Hon'ble High Court in the case of *Catholic Board of Education*. However, the Commission will bear the suggestion in mind.

### **Regarding Shortage of Linemen.**

MESCOM has already taken action for recruitment of maintenance staff. Due to some legal issues the appointment are withhold.

### **Regarding Unscheduled load interruption.**

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

avoid such interruptions. However, MESCOM will have to make efforts to minimize unscheduled load shedding as far as possible. Further, at least for water supply installations action may be taken to ensure continuity of power supply through dedicated feeders and such feeders may be spared from unscheduled load shedding as far as possible.

**GENERAL:**

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

## **CHAPTER – 4**

### **ANNUAL PERFORMANCE REVIEW FOR FY12**

#### **4.0 MESCOM's Filing for APR for FY12:**

In its application dated 10<sup>th</sup> December 2012, MESCOM has filed for approval of Annual Performance Review for FY12 based on the Audited Accounts for FY12.

The Commission in its letter dated 28<sup>th</sup> December 2012 had communicated its preliminary observations. MESCOM has replied to the preliminary observations of the Commission in its letter dated 4<sup>th</sup> January 2013.

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

This Chapter contains the Annual Performance Review for FY12 based on the Audited Accounts filed by MESCOM:

#### **4.1 MESCOM's Submission:**

MESCOM has submitted its proposals for revision of ARR for FY12 based on the Audited Accounts as follows:

**TABLE – 4.1**  
**ARR for FY12 – MESCOM's Submission**  
**Amount in Rs.Crs.**

Sl. No.	Particulars	As per filing
	<b>Expenditure</b>	
1	Power Purchase	1136.9
2	Transmission Charges	137.37
3	SLDC Charges	1.99
4	Total Power Purchase cost	1276.26
5	R&M Expenses	13.36
6	Employee Expenses	187.79
7	A&G Expenses	30.74
8	Total O&M Expenses	231.89
9	Depreciation	58.89
	<b>Interest &amp; Finance Charges</b>	
10	Interest on Loan Capital	46.34
11	Interest on Working Capital	6.23
12	Interest on Consumer Deposits	17.05
13	Interest on belated payment of power purchase cost	0.00
14	Other Interest & Finance Charges	0.29
<b>15</b>	<b>Total</b>	<b>1636.95</b>
16	Less: Interest & other expenses capitalised	2.25
17	Other Debits (incl. Prov for Bad debts)	3.58
18	Extraordinary Items	
19	Other (Misc.)-net prior period credit	-113.93
20	Total	<b>1524.35</b>
21	ROE	45.45
22	Other Income	44.36
23	Provision for taxes	2.15
24	Funds for consumer relation / consumer education	0.07
<b>25</b>	<b>NET ARR</b>	<b>1527.66</b>

As per the filings, taking into account the approved revenue of Rs.1582.39 Crores, MESCOM has projected a revenue surplus of Rs.54.73 Crores for FY12. MESCOM has proposed to carry forward this surplus to its proposed ARR for FY14.

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

The overview of the financial performance of MESCOM for FY12 as per their Audited Accounts are as follows:

**TABLE – 4.2**  
**Financial Performance of MESCOM**

Amount in Rs. Crs.

Sl. No.	Particulars	Actual as per Audited Accounts
	<b>Expenditure</b>	
1	Power Purchase	1137.07
2	Transmission Charges	137.37
3	SLDC Charges	1.82
4	Total Power Purchase cost	1276.26
5	R&M Expenses	13.36
6	Employee Expenses	187.79
7	A&G Expenses	30.74
8	Total O&M Expenses	231.89
9	Depreciation	58.89
	<b>Interest &amp; Finance Charges</b>	
10	Interest on Loan Capital	46.45
11	Interest on Working Capital	6.23
12	Interest on Consumer Deposits	16.95
13	Interest on belated payment of power purchase cost	51.51
14	Other Interest & Finance Charges	0.29
<b>15</b>	<b>Total</b>	<b>1688.46</b>
16	Less: Interest & other expenses capitalised	2.25
17	Other Debits (incl. Prov for Bad debts)	3.58
18	Extraordinary Items	0.00
19	Other (Misc.)-net prior period credit	-113.91
20	Total	<b>1575.88</b>
21	ROE	
22	Other Income	44.32
23	Provision for taxes	2.15
24	<b>NET ARR</b>	<b>1533.71</b>



As per the Audited Accounts MESCOM has earned a profit of Rs.6.41Crores for FY12. Considering the earlier surplus earned by the Company, the cumulative surplus would be Rs.58.85 Crores as reflected in the Audited Balance Sheet for FY12.

#### 4.3 Commission's Analysis and decisions:

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

##### i) Sales for FY12:

The Commission in its tariff order 28<sup>th</sup> October 2011, had allowed sales of 3481 MU for FY12 excluding sales to KPCL colony. As per the Audited Accounts, MESCOM has reported sales of 3557 MU. Thus the actual sales are higher by 76 MU.

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

**TABLE – 4.3**  
**Comparison of sales – Approved Vs Actuals – FY12**  
Figures in MU

Particulars	As approved in tariff order dtd. 28.10.2011	As per audited accounts	Increase (+) / Decrease (-)
Sales to categories other than IP sets and BJ/KJ*	2627	2495	(-)132
Sales to IP & BJ/KJ	867	1075	(+)208
Total sales	3494	3570	(+)76

\* Note: Includes sales of 13 MU to KPCL colony

From the above data, the Commission notes that, though the overall sales with respect to approved sales are higher by 2% , the sales to IP and BJ/KJ categories are higher by 24%. On the other hand, sales to other categories are lower by 5%. As per the audited accounts, the Commission considers the actual sales of 3570 MU for the purpose of approval of APR for FY12.

**ii) Distribution Losses for FY12:**

The Commission had approved the distribution losses of 12.10% for FY12. MESCOM, in its filing has reported distribution losses of 12.09%. Thus the actual distribution losses are 0.01% lower than the approved losses.

Since the actual loss levels fall within the approved range of distribution losses, MESCOM is not entitled to any incentive / penalty in accordance with the provisions of the MYT Regulations.

**iii) Power Purchase for FY12:**

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

**TABLE – 4.4**

**Approved Source wise Power Purchase for FY12**

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	1390.37	64.76	0.47
2	KPCL Thermal	1030.89	311.62	3.02
3	CGS	886.73	256.41	2.89
4	IPP Major	493.23	260.30	5.28
5	NCE & IPP Minor	591.27	195.70	3.31
6	Short Term/ Medium Term purchase	237.48	103.87	4.37
7	Others	22.66	4.98	2.20
8	Others	-528.89	-211.56	4.00

9	Short term	0.00	129.86	31.49
	<b>TOTAL</b>	<b>4123.74</b>	<b>1115.94</b>	<b>2.70</b>

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

**TABLE – 4.5**  
**Actual Source Wise Power Purchase for FY12**

SL.NO.	Source of Power	Quantum in MUs	Cost Rs. in Crs.	Average Cost
1	KPCL Hydel	1457.56	91.54	0.63
2	KPCL Thermal	1077.47	343.43	3.19
3	CGS	935.41	299.26	3.20
4	IPP Major	305.75	141.38	4.62
5	NCE & IPP Minor	605.10	202.74	3.35
6	Short Term/ Medium Term purchase	336.31	177.54	5.28
7	Others U I & others	10.80	25.37	23.49
8	Transmission charge	0.00	139.36	0.33
9	Reconciliation	-510.49	-144.36	2.83
	<b>TOTAL</b>	<b>4217.91</b>	<b>1276.26</b>	<b>3.03</b>

From the tables above, the Commission notes that, there is a variation of 33 paise per unit between the approved power purchase cost per unit and the actual power purchase cost per unit. As per the MYT Regulations, the power purchase cost is considered as uncontrollable cost, thus the Commission approves the quantum and cost of power purchase as in the table above which is based on the audited accounts for FY12.

**iv) Operation and Maintenance Expenses:**

The actual O&M Expenses reported by MESCOM is Rs.231.89 Crores. This includes Employees costs of Rs.187.89 Crores, Administrative & General Expenses of Rs.30.74 Crores and Repairs & Maintenance expenses of Rs.13.36 Crores. The Commission in its Tariff Order dated 28<sup>th</sup> October 2011, had approved O&M Expenses of Rs.225.67 Crores. Thus the actual O&M Expenses is more than the approved expenses by Rs.6.22 Crores.

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

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

**TABLE – 4.6**

**Allowable uncontrollable O & M Expenses for FY12**

Particulars	Amt.in Rs. Crs
Total Employee Cost incurred for FY11 & FY12	55.68
Additional Employee Cost already factored in APR FY11	22.36
Additional Employee Cost to be allowed in FY12	33.32

**TABLE – 4.7**

**Allowable O & M Expenses for FY12**

Particulars	FY12
No. of Installations as per Audited Accounts	1836984
Inflation rate*	5.49%
CGI based on 3 Year CAGR (Using actuals of FY10 for FY12)	4.68%
Base Year O&M Cost (FY10 as per actuals)	171.10
O&M Index= $O\&M (t-1) * (1+WII+CGI-X)$	201.32
Allowable uncontrollable additional O&M cost	33.32
<b>Total allowable O&amp;M Expenses</b>	<b>234.64</b>

\* Inflation rate is as per CERC Order dated 25.09.2012

**v) Depreciation:**

MESCOM has indicated an amount of Rs.58.89 Crores towards depreciation for FY12. The Commission in its tariff order 28<sup>th</sup> October 2011, had approved Rs.62.66 Crores towards depreciation. Therefore the actual depreciation is less by Rs.3.77 Crores.

The allowable depreciation has been determined by the Commission in accordance with the KERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2006 as amended on 1<sup>st</sup> February 2012. Considering the actual opening and closing gross block of fixed assets for FY12, the weighted average rate of depreciation works out to 4.53%. Since MESCOM has determined the actual depreciation based on the opening block of gross fixed assets and the actual capitalization/retirement of assets from time to time, the Commission decides to allow depreciation of Rs.58.89 Crores as claimed by MESCOM. Depreciation allowed in this order is subject to review in respect of depreciation on assets created if any out of consumer contribution and grants.

**vi) Prudence Check of Capital Investment for FY10 to FY12:**

In its Tariff Order dated 25<sup>th</sup> November 2009, the Commission had approved a Capital expenditure of Rs. 401.64 Crores for FY10 as proposed by MESCOM. Further, the Commission in its Tariff Order dated 7<sup>th</sup> December 2010 had approved Capex of Rs. 257.05 Crores and Rs. 271.7 Crores for FY 11 and FY 12 respectively. The approved capex for FY12 was again revised to Rs. 348.55 Crores in the Commission's Tariff Order dated 28.10.2011.

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

<b>Particulars</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
Capital Investment Proposed & Approved	401.64	257.05	348.55
Capital Investment actually incurred (Figures as per Annual Report)	205.8	188.07	127.4
Short fall	195.84	68.98	144.3
% Achievement	51.24	73.16	46.88

While taking up the Annual Performance Review of MESCOM for FY12, the Commission has taken up the prudence check of the capital works of MESCOM with the assistance of M/s Price Waterhouse Coopers (PWC), a Consultant with expertise in the electricity sector, based on the following technical and financial parameters:

**I) Technical Parameters:**

- a)** The objective of investment of the works as envisaged in the Detailed Project Reports (DPR) vis-a-vis the same realised after commissioning of the works (The objectives could be to meet load growth in the area, to reduce over loading of existing stations / lines, to reduce losses in the system or to improve quality and reliability of supply).
- b)** Capacity utilisation as envisaged in the DPRs vis-a-vis as actually realised.
- c)** Issues if any, pertaining to execution of works – to ascertain factors delaying the commencement and completion / commissioning of works.
- d)** Energy savings as envisaged in the DPRs versus actually realized after commissioning of the works.

**II) Financial Parameters:**

- a)** Review of cost over runs with respect to the estimated cost as per DPR.

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

The Consultant had examined 86 works costing more than Rs. 10 Lakhs each based on a representative sample executed during FY10 to FY12 as detailed below. The works selected involved a total of expenditure of Rs.61 Crores forming 12 % of total expenditure during the period on capital works.

Type of Project by Objective of Investment	No. of works considered for Analysis	Completed Projects	Projects selected for Field visit
Loss Reduction	11	11	4
Load Management	13	10	7
Quality of Service- Continuity in supply	38	35	16
Quality of Service- Improvement in voltage	9	9	3
Rural Electrification Schemes	15	15	5
<b>TOTAL</b>	<b>86</b>	<b>80</b>	<b>35</b>

The division wise details of projects are indicated below:

Division	Population Considered	Completed Projects	Sample Considered	Work in Progress
Bantwal	5	4	2	1
Chikmagalur	3	3	3	0
Kadur	1	1	1	0
Kundapura	4	3	4	1
Mangalore	35	34	32	1
Puttur	17	16	17	1
Sagar	1	1	1	0
Shikaripura	11	4	3	7
Shimoga	8	6	8	2
Udupi	16	15	15	1
Total	101	87	86	14



The Consultants have developed an evaluation matrix to decide on whether the projects meet the prudence parameters. Each project has been assigned different marks and weightage in the proportion of 50 marks for achieving the Very Important Objective (VIO) and another 50 marks for other / subsidiary objectives of the work. The projects which have scored equal to more than 40 marks have been considered as meeting the requirements of prudent investments while projects that have scored less than 40 marks are termed as not measuring upto the minimum requirement.

Out of the 86 works selected, 15 works under rural electrification works have not been evaluated as they were aimed at serving certain social objectives and not intended to be implemented with commercial objectives. Of the balance 71 projects, 36 projects have scored more than the minimum marks and met the prudence parameters while 9 projects have failed to meet the prudence parameters though they have met the primary objectives. The remaining 26 works could not be evaluated either due to lack of information or due to lack of clarity on specific benefits.

According to the consultants report, there were time overruns in 22 projects mainly attributable to contractors obtaining clearances and due to local disputes. The cost overruns in 11 projects were due to revision of schedule of rates and increase in materials used.

The general observations made by the consultant are:

- That there are no internal systems to verify the realisation of benefits mentioned in DPRs/estimates.
- There is no centralised mechanism to monitor or review the capex periodically.

- There is no clarity about the objectives of projects in some cases.
- There is no consistency in the manner in which information is maintained in respect of capital works.

The Consultant has also suggested the following guiding principles among others for future capex works:

1. Investment plans are to be based on :
  - Policy and Regulatory framework
  - Estimated load Growth and need for Renovation
  - Achieved specified measures of efficiency/system improvement
  
2. Validation of investments should be made on the basis of the following:
  - Asset utilisation
  - Efficiency in terms of expected output
  - Optimality of investment
  
3. Evaluation of alternative options of investments.

The Commission notes that even though the Consultant has identified nine projects as imprudent the same is not quantified in terms of amount of investment. Further, the Commission also held a review meeting on 23<sup>rd</sup> March 2013 with MESCOM to assess the prudence of investments made during FY10 to FY12 keeping in view the findings of the consultant. Apart from the above findings of the consultants, it was commonly observed that:

**a) Metering of Distribution Transformer Centres:**

Though many of the DTCs are already metered, the ESCOMs have not made use of them fully to carry out consistent energy auditing to detect

losses and take corrective measures. There is a need to institutionalise a mechanism for Energy auditing at the DTC level in order to achieve loss reduction in the distribution system.

**b) Downstream works of KPTCL substations:**

33kV /11 kV line/feeders/ Cables are either not completed or if completed, loads are not taken/ transferred from existing feeders. As per the data made available by KPTCL, as on 31<sup>st</sup> January 2013, there are 79 Nos of 11Kv feeders yet to be commissioned by MESCOM.

MESCOM was directed to take necessary corrective measures on investments pertaining to nine projects in respect of which the consultants have identified the investments as not prudent. During the discussions, MESCOM has prayed for time to address the issues raised in the report of the Consultant and submit detailed compliance to the Commission.

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

The report of the Consultant is also uploaded on the Commission's website.

**vii) Interest on Loans:**

MESCOM has claimed an amount of Rs.46.34 Crores towards interest on loans. The Commission in its tariff order dated 28<sup>th</sup> October 2011, had approved an amount of Rs.50.01 Crores towards interest. As per the Audited Accounts, an amount of Rs.46.45 Crores is indicated as the interest on loans for FY12. Thus, the actual interest on loans incurred is lower than the approved interest on loans by Rs.3.56 Crores.

As per the Audited Accounts and data furnished under format D9, considering the opening and closing balances of loans, the average loan for the year FY12 would be Rs.387.89 Crores. MESCOM has achieved a capex of Rs.127.00 Crores against a proposed investment of Rs.349.00 Crores and has availed long term loans of Rs.86.23 Crores towards capex. The weighted average rate of interest on these loans works out to 12.02%.

In view of the above, considering the weighted average rate of interest in FY12, the Commission decides to allow actual interest on loans of Rs.46.45 Crores for FY12.

**viii) Interest on Working Capital:**

As per the format D9 of the filing, MESCOM has incurred interest on short term loans to an extent of Rs.6.23 Crores. MESCOM is entitled to interest on working capital as per the norms under MYT Regulations as amended. Accordingly, the allowable interest on working capital for FY12 is as follows:

**TABLE – 4.8**

## Allowable Interest on Working Capital

Amount in Rs.Crs.

Particulars	FY 12
One-twelfth of the amount of O&M Exp.	19.55
Opening GFA	1237.01
Stores, materials and supplies 1% of Opening balance of GFA	12.37
One-sixth of the Revenue	266.43
Total Working Capital	298.35
Rate of Interest (% p.a.)	11.75%
Interest on Working Capital	<b>35.06</b>
Actual WC as per accounts	6.23
<b>As per regulations actual plus 50% of difference between actual and normative</b>	<b>20.64</b>

\*As per actual revenue for FY12

**Thus the allowable interest on working capital is Rs.20.64 Crores.**

### **ix) Interest on Consumer Deposits:**

MESCOM in its filing has claimed an amount of Rs.17.05 Crores towards interest on consumer deposits for FY12. However, as per the audited accounts the interest on consumer deposits is Rs.16.95 Crores.

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

The Commission notes that, the claims of Rs.16.95 Crores made by MESCOM indicates the actual rate of interest of 5.72% on the average balance of consumer deposits for FY12. Since the claims are being computed on the basis of opening balances of deposits and deposits collected from time to time during the year, the Commission decides to allow an amount of Rs.16.95 Crores as claimed by MESCOM towards interest on consumer deposits for FY12.

### **x) Other Debits:**

MESCOM in its filing has claimed an amount of Rs.3.58 Crores towards other debits. As per the audited accounts, this amount pertains to items like Provision / write off of bad and doubtful debts and miscellaneous losses and write offs.

The Commission notes that, as per the audited accounts the claims of other debits includes an amount of Rs.2.17 Crores pertaining to provisions for doubtful dues from consumers. The Commission decides to allow bad and doubtful debts actually written off. However provision for doubtful dues cannot be allowed to be passed on in the ARR as the same is not actually incurred. As such the Commission decides to allow an amount of Rs.1.40 Crores towards other debits.

**xi) Net Prior Period Credits:**

MESCOM in its Audited Accounts has indicated an amount of Rs.113.91 Crores as net prior period credits. This amount pertains to excess / under provided depreciation of previous years, prior period expenses relating to purchase of power and miscellaneous receipts and income relating to previous years. Accordingly, the Commission has allowed net prior period credit of Rs.113.91 Crores for FY12.

**xii) Return on Equity:**

MESCOM has claimed an RoE of Rs.45.45 Crores. The Commission in its tariff order dated 28<sup>th</sup> October 2011 had approved an RoE of Rs.38.79 Crores.

Considering the actual share capital, share deposits and reserves & surplus as per the Audited Accounts, the allowable RoE @ 15.50% for FY12 in accordance with the MYT Regulations as amended is as follows:

**TABLE – 4.9**

### Allowable RoE for FY12

Particulars	Amount in Rs. Crs.
Paid Up Share Capital	157.34
Share Deposit	0.00
Reserves and Surplus	52.43
Total Equity	209.77
<b>Allowable RoE @ 15.50% on equity</b>	<b>32.51</b>

**xiii) Provision for Taxation:**

MESCOM, in its Audited Accounts has indicated an amount of Rs.2.15 Crores as expenses towards payment of tax for FY12. Since the Commission has allowed RoE @ 15.50% without considering allowable MAT, the Commission decides to allow the actual expenditure towards payment of tax of Rs.2.15 Crores for FY12.

**xiv) Other Expenses Capitalized:**

MESCOM in its filing has indicated an amount of Rs.2.25 Crores towards capitalization of interest and finance charges. This mainly pertains to capitalization of interest on funds used during construction.

The Commission allows an amount of Rs.2.25 Crores towards capitalization interest and finance charges as claimed.

**xv) Other Income:**

MESCOM in its Audited Accounts has indicated an amount of Rs.44.32 Crores as other income. This mainly pertains to rent from staff quarters, income from sale of stores, income relating to purchase of power, incentives received and income from interest on deposits etc. The Commission decides to allow an amount of Rs.44.32 Crores as other income for FY12.

**xvi) Abstract of Approved ARR for FY12:**

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

**TABLE – 4.10**  
**Approved ARR for FY12 as per APR**

**Amount in Rs.**

**Crs.**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Approved as per Order dated 28.10.2011</b>	<b>As per filing</b>	<b>Actual as per Audited Accounts</b>	<b>As appd in APR</b>
	<b>Expenditure</b>				
1	Power Purchase	986.09	1136.9	1137.07	1137.07
2	Transmission Charges	128.96	137.37	137.37	137.37
3	SLDC Charges	0.9	1.99	1.82	1.82
4	Total Power Purchase cost	1115.95	1276.26	1276.26	1276.26
5	R&M Expenses		13.36	13.36	
6	Employee Expenses		187.79	187.79	
7	A&G Expenses		30.74	30.74	
8	Total O&M Expenses	225.67	231.89	231.89	234.64
9	Depreciation	62.66	58.89	58.89	58.89
	<b>Interest &amp; Finance Charges</b>				
10	Interest on Loan Capital	50.01	46.34	46.45	46.45
11	Interest on Working Capital	33.57	6.23	6.23	20.64
12	Interest on Consumer Deposits	15.7	17.05	16.95	16.95
13	Interest on belated payment of power purchase cost	0	0.00	51.51	0.00
14	Other Interest & Finance Charges	0	0.29	0.29	0.29
<b>15</b>	<b>Total</b>	<b>1503.56</b>	<b>1636.95</b>	<b>1688.46</b>	<b>1654.11</b>
16	Less: Interest & other expenses capitalised	10	2.25	2.25	2.25
17	Other Debits (incl. Prov for Bad debts)	0	3.58	3.58	1.40
18	Extraordinary Items	0.00		0.00	0.00
19	Other (Misc.)-net prior period credit	0	-113.93	-113.91	-113.91
20	Total	<b>1493.56</b>	<b>1524.35</b>	<b>1575.88</b>	<b>1539.35</b>
21	ROE	38.79	45.45		32.51
22	Other Income	31.73	44.36	44.32	44.32
23	Provision for taxes	0	2.15	2.15	2.15
24	Funds for consumer relation / consumer education	0.5	0.07		0.00



25	Deficit of FY11 without Regulatory Asset	70.38			
26	<b>NET ARR</b>	<b>1571.50</b>	<b>1527.66</b>	<b>1533.71</b>	<b>1529.70</b>

**xvii) Gap in Revenue for FY12:**

Thus, as against an approved ARR of Rs.1571.50 Crores and the actual expenditure of Rs.1533.71 Crores, the Commission after the annual performance review for FY12, decides to allow an ARR of Rs.1529.70 Crores for FY12. Considering the revenue of Rs.1598.59 Crores, there is a surplus of Rs.68.89 Crores for FY12. The Commission decides to carry forward this surplus to the proposed ARR for FY14 as discussed in the subsequent Chapter of this Order.

**xviii) Additional Subsidy for FY12:**

The Commission in its tariff order dated 28<sup>th</sup> October 2011 had approved a subsidy of Rs.268.90 Crores towards BJ/KJ and IP Set consumption for FY12. However considering the actual consumption for FY12, the actual subsidy payable by Government of Karnataka is determined on the basis of the approved Commission Determined Tariff (CDT) as follows:

**TABLE – 4.11**  
**Approved additional Subsidy for FY12**

<b>Sl. No.</b>	<b>Particulars</b>	<b>As approved in Tariff Order dtd. 28.10.2011</b>	<b>As per actuals</b>
1	Consumption of BJ/KJ in MU	25.18	16.35
2	Average cost of supply in Rs.per unit	4.52	4.52
3	Consumption of IP Sets less than 10 HP in MU	841.55	1058.95
4	Commission Determined Tariff in Rs.per unit	3.06	3.06
5	Subsidy in Rs.Crs.	268.90	331.43
<b>6</b>	<b>Additional subsidy payable by GoK for FY12 in Rs.Crs.</b>	<b>62.53</b>	

Accordingly, based on the actual consumption and approved CDT, the additional subsidy payable by Government of Karnataka for FY12 is Rs.62.53 Crores.

## CHAPTER – 5

### BUSINESS PLAN & ANNUAL REVENUE REQUIREMENT FOR FY14-16

#### 5.0 BUSINESS PLAN:

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

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

#### 5.1 ARR for FY14-16 - MESCOM's Filing:

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

**TABLE – 5.1**  
**ARR for FY14-16 – MESCOM's Submission**

Amount in Rs.Crs.

Sl. No	Particulars	As Filed		
		FY14	FY15	FY16
	<b>Revenue at existing tariff</b>			
1	Revenue from tariff and Misc Charges	1578.89	1727.92	1890.57
2	RE Subsidy	400.45	410.11	419.21
3	<b>Total Existing Revenue</b>	<b>1979</b>	<b>2138</b>	<b>2310</b>
	<b>Expenditure</b>			
4	Power Purchase Cost	1454.56	1644.55	1942.31
5	Transmission charges of KPTCL	231.06	216.82	262.72
6	SLDC Charges	1.99	1.99	1.99

7	<b>Power Purchase Cost including cost of transmission</b>	<b>1687.61</b>	<b>1863.36</b>	<b>2207.02</b>
8	Employee Cost	252.97	275.1	298.14
9	Repairs & Maintenance	16.11	17.84	19.87
10	Admin & General Expenses	37.35	40.6	44.15
11	<b>Total O&amp;M Expenses</b>	<b>306.43</b>	<b>333.54</b>	<b>362.16</b>
12	Depreciation	83.02	95.41	104.11
13	<b>Interest &amp; Finance charges</b>			
14	Interest on Loans	69.38	73.73	70.87
15	Interest on Working capital	53.83	58.34	63.07
16	Interest on belated payment on PP Cost			
17	Interest on consumer deposits	22.15	24.55	26.66
18	Other Interest & Finance charges	0.29	0.29	0.29
19	Less interest capitalised	2.71	2.97	3.26
20	<b>Total Interest &amp; Finance charges</b>	<b>142.94</b>	<b>153.94</b>	<b>157.63</b>
21	Other Debits	3.58	3.58	3.58
22	Net Prior Period Debit/Credit	6.94	6.94	6.94
23	RoE	59.17	68.34	78.94
24	Power Purchase cost related to OP No.8/2009 dated 11.12.2009	0	0	0
25	Provision for taxation	0	0	0
26	Funds towards Consumer Relations/Consumer Education	0.5	0.5	0.5
27	Other Income	46.98	46.98	46.98
28	<b>Net ARR</b>	<b>2243.21</b>	<b>2478.63</b>	<b>2873.90</b>

MESCOM has requested the Commission to approve the Annual Revenue Requirement as stated above and has proposed to increase the retail supply tariff by 70 paise per unit across all categories of consumers excluding BJ/KJ and IP set consumers for FY14 in order to bridge the gap in revenue of Rs.209.14 Crores.

## **5.2 Annual Revenue Requirement for FY12 & FY13:**

As discussed in the preceding chapter of this order, the Commission has carried out the Annual Performance Review for FY12 based on the audited accounts furnished by MESCOM. Accordingly, the surplus of Rs.68.89 Crores from FY12 is to be carried forward in to the ARR of FY14.

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

## **5.3 Annual Revenue Requirement for FY14-16:**

### **5.3.1 Capital Investments for FY14-16:**

#### **MESCOM Proposal:**

MESCOM in its filing has stated that, the broad objective of capital investments are:

1. For Improving reliability of power supply
2. To cater the load growth
3. To reduce distribution losses
4. To minimize consumer complaints etc.

Accordingly, MESCOM has identified the following important works to be taken up for Capital Investment.

1. Establishing new 33 kV stations and enhancing the capacities of existing sub stations.

- ✓ To cater the load growth,
- ✓ To improve reliability,
- ✓ To reduce the losses,

The following is the year wise proposal of MESCOM:

<b>Particulars</b>	<b>FY13 (Appd.)</b>	<b>FY14 (Proj.)</b>	<b>FY15 (Proj.)</b>	<b>FY16 (Proj.)</b>
33 kV Sub stations & Line works	45.00	36.00	36.50	-

2. Replacing the existing lower capacity conductor by higher capacity conductors or replacing old conductors with new one.
  - ✓ To improve current carrying capacity,
  - ✓ To improve the voltage Regulation,
  
3. Drawing new lines to utilize the capacity of existing sub stations or to interconnectivity of the sub stations.
  - ✓ To reduce the distribution feeder length,
  - ✓ To bifurcate the existing distribution lines,
  
4. Addition of new DTCs to cater the new loads and to improve the voltage profile.
  - ✓ To relieve the overloaded DTCs,
  - ✓ To improve Voltage Regulation
  
5. Shifting of DTCs to load centers.
  - ✓ To Increase the length of HT Lines and Reduce the HT:LT Ratio,
  - ✓ To install smaller capacity transformers as a measure of Reliability.

6. Balancing of loads at the phases.

- ✓ To reduce the distribution losses
- ✓ To reduce the neutral current

7. HVDS Implementation.

- ✓ To bring down losses in the distribution system,
- ✓ To improve reliability and voltage regulations,

8. Providing Infrastructure to un-authorized IP sets:

MESCOM has Planned to invest Rs.54.5 Crores for regularization of Un authorised IP sets by creating proper infrastructure like drawing lines and installing the required capacity transformers.

Accordingly, the schemewise details of the proposed investment from 2013-14 to 2015-16 are as shown below:

**TABLE – 5.2**  
**Capex for FY14-16 – MESCOM's Submission**

SI No	Particulars	AmountInRs.Crores		
		FY14 (Proj.)	FY15 (Proj.)	FY16 (Proj.)
1	Extension & Improvement			
	(Addl. DTCs, Link-Lines, HT/LT Reconductoring, providing intermediate poles, HVDS, etc.)	66.5	65	65
2	DTC Metering	55	45	35
3	R-APDRP Programme	-	-	-
4	Replacement of faulty DTCs	15	15	15
5	Service Connections	15	15	15
6	<b>Rural Electrification (General)</b>			
a.	RGGVY Programme	56	-	-
b.	Electrification of Hamlets	5	5	5

c.	Energization of IP sets (including providing infrastructure of UA IP sets)	10.5	11	11
d.	Kutir Jyothi	0.55	0.58	0.6
	<b>Sub-Total (a+b+c+d)</b>	<b>72.05</b>	<b>16.58</b>	<b>16.6</b>
7	<b>Tribal Sub Plan</b>			
a.	Electrification of Tribal Colonies	0.66	0.72	0.72
b.	Energization of IP Sets	1.17	1.23	1.28
c.	Kutir Jyothi	0.09	0.09	0.09
	<b>Sub-Total</b>	<b>1.92</b>	<b>2.04</b>	<b>2.09</b>
8	<b>Special Component Plan</b>			
a.	Electrification of S.C. Colonies	1.9	2	2.1
b.	Energization of IP sets	1.65	1.73	1.8
c.	Kutir Jyothi	0.22	0.23	0.24
	<b>Sub-Total:</b>	<b>3.77</b>	<b>3.96</b>	<b>4.14</b>
9	Tools & Plants and Computers	2.2	2.3	2.4
10	Civil Engineering Works	14	15	16
11	33 kV Sub stations & Line works	36	36.5	37
	<b>GRAND TOTAL:</b>	<b>281.4</b>	<b>216.4</b>	<b>208.2</b>

### Commission Analysis and Decision:

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

Particulars	First Control Period			Second Control Period		
	FY08	FY09	FY10	FY11	FY12	FY13
Capital Investment Proposed & Approved	351.22	264.27	401.64*	257.05	348.55	249.85**
Capital Investment actually incurred (Figures as per Annual Report)	122.06	214.06	205.8	188.07	127.4	52.98***
Short fall	229.16	50.21	195.84	68.98	221.15	
% Achievement	34.75	81.00	51.24	73.16	36.55	

\* The proposed Capex for FY10 as per MYT order dated 22-01-2008 was Rs. 238.94 Crs. as per the tariff order dtd. 25-11-2009, the same was revised to Rs. 401.64 Crs.

\*\* The Capex approved by the Commission for FY 13 as per the MYT order dtd. 7-12-2010 was Rs. 260.45 Crs. MESCOM in its replies dtd. 6-2-2012 to the preliminary observation of the Commission has indicated the revised Capex of Rs. 249.85 Crs. and the same has been approved in the Commission tariff order of 2012 dtd. 30-4-2012.

\*\*\* Capital expenditure up to the end of 30<sup>th</sup> Sept' 2012.



The Commission has noted that, as per the statement of work in progress furnished by MESCOM, there is a huge amount of work in progress being carried forward to the subsequent years till FY12 and also the projections for FY13 to FY16 show an increasing trend in the work in progress category. This would result in some of the works slipping off the scheduled target of completion and result in cost overrun of the projects. The Commission directs MESCOM to plan concrete measures to monitor and complete the works in a time bound manner.

Sl. No.	Particulars	FY-10 Actuals	FY-11 As per Audited Accounts	FY-12 As per Audited Accounts	FY-13 Revised	FY-14 Projection	FY-15 Projection	FY-16 (Projection)
1	<b>Opening balance</b>	<b>91.03</b>	<b>91.93</b>	<b>93.21</b>	<b>72.24</b>	<b>83.80</b>	<b>95.53</b>	<b>106.99</b>
2	Capital expenditure	176.49	189.13	138.60	249.85	281.44	216.37	208.23
3	Interest & Finance charges capitalised	1.87	2.11	2.25	2.00	2.00	2.00	2.00
4	<b>Total capital expenditure for the year</b>	<b>269.39</b>	<b>283.17</b>	<b>234.06</b>	<b>324.09</b>	<b>367.24</b>	<b>313.90</b>	<b>317.22</b>
5	Expenditure Capitalised (Transferred to Form-T15/D15)	177.46	189.96	161.82	240.29	271.71	206.91	199.53
	<b>Closing balance</b>	<b>91.93</b>	<b>93.21</b>	<b>72.24</b>	<b>83.80</b>	<b>95.53</b>	<b>106.99</b>	<b>117.69</b>

The Commission notes that, MESCOM has proposed a capital investment of Rs. 281.44 Crores, Rs.216.37Crores and Rs.208.23 Crores for FY14, FY15 and FY16 respectively and directs MESCOM to initiate concrete measures to achieve capex as proposed as otherwise it would burden the consumers with higher tariff.

However, the Commission decides to allow Capex as proposed by MESCOM subject to prudence check.

The approved capex in respect of the classification of works are as under:

**TABLE – 5.3**  
**Approved Capex for FY14-16**

SI No	Particulars	FY14	FY15	FY16
1	Extension & Improvement	66.5	65	65
	(Addl. DTCs, Link-Lines, HT/LT Reconductoring, providing intermediate poles, HVDS, etc.)			
2	DTC Metering	55	45	35
3	R-APDRP Programme	-	-	-
4	Replacement of faulty DTCs	15	15	15
5	Service Connections	15	15	15
6	Rural Electrification (General)	<b>72.05</b>	<b>16.58</b>	<b>16.6</b>
7	Tribal Sub Plan	<b>1.92</b>	<b>2.04</b>	<b>2.09</b>
8	Special Component Plan	<b>3.77</b>	<b>3.96</b>	<b>4.14</b>
9	Tools & Plants and Computers	2.2	2.3	2.4
10	Civil Engineering Works	14	15	16
11	33 kV Sub stations & Line works	36	36.5	37
	<b>GRAND TOTAL:</b>	<b>281.4</b>	<b>216.4</b>	<b>208.2</b>

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

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

### 5.3.2 Sales Forecast for FY14-16:

#### 1. MESCOM's filing:

MESCOM in its filings has estimated the number of installations and sales for the Control based on the CAGR for the period FY09 to FY12 for categories other than BJ/KJ and IP sets. For BJ/KJ and IP sets, MESCOM has estimated the sales based on Specific Consumption. Based on the above methodology MESCOM has estimated the sales for the Control Period as indicated below:

**TABLE – 5.4**

**Estimated Sales for FY14-16 – MESCOM's Submission**

Particulars	FY14		FY15		FY16	
	No. of Installations	Sales-MU	No. of Installations	Sales-MU	No. of Installations	Sales-MU
Categories other than BJ/KJ and IP sets	1556683	2975.69	1619248	3274.83	1672729	3599.92
BJ/KJ and IP sets	442811	1277.94	467393	1306.72	475193	1334.32
Total	1999494	4253.63	2086641	4581.55	2147922	4934.24

#### 2. Preliminary observations of the Commission and Replies of MESCOM:

MESCOM had considered an additional 2% growth in sales over and above the normal growth rates for LT domestic, LT Commercial, LT & HT industries, and LT& HT water supply stating that the increase is due to expected increase in the reliability of supply. The Commission in its preliminary observations had requested MESCOM to justify the additional sales of 2% with supporting documents. Thus, the Commission had requested MESCOM to justify the higher sales growth rate considered for LT domestic, LT Commercial, LT & HT industries, LT water supply. In addition to the above the Commission had observed that HT1 sales in spite of considering additional 2% were under estimated in comparison to the normal growth rate.

In its replies, MESCOM has reiterated that 2% additional increase for LT domestic, LT Commercial, LT & HT industries, LT & HT water supply is considered with the presumption that power reliability would increase resulting in increased sales.

Regarding HT-1 sales, it is informed by MESCOM that CAGR of 17.47% during the period FY09-Fy12 is abnormal in comparison to previous year growth of 6.37% and hence 8.37% growth has been considered.

The Commission notes that MESCOM has not justified with relevant data for considering additional 2% increase in sales. The Commission in all its tariff orders has estimated the sales based on three year CAGR and five year CAGR for categories other than BJ / KJ and IP sets. Hence, the Commission would continue the above approach in this order also.

Regarding BJ/KJ, the Commission had observed that the number of BJ/KJ installations consuming more than 18 units/month had been retained at the same level for all the years of the control period. Further, for installations less than or equal to 18 units/month, the specific consumption was considered at 18 units/month/installation and therefore, the Commission had directed to consider the specific consumption based on actuals.

Regarding the number of BJ/KJ installations consuming more than 18 units/month, MESCOM has stated that the number of installations as on 31.03.2012 has been retained for all the years. In the absence of data for making projections, the Commission retains the same number of installations as proposed by MESCOM in this category. Regarding the specific consumption for BJ/KJ installations consuming less than 18 units/month, MESCOM has furnished that as per actuals of FY12, the specific consumption would be 11.29 units/installation/month. However, MESCOM has requested the Commission to retain 18

units/installation/month as the specific consumption stating that GoK order allows BJ/KJ to consume up to 18 units/month. The Commission has worked out the specific consumption as per the actuals in this order.

Regarding IP sets, the Commission had noted that for FY12, there is a difference in the number of installations, specific consumption and total consumption between the monthly reports furnished and the present filings. The Commission had sought details of Government Order, if any, for increasing the supply to IP sets beyond 6 hours, as the data furnished by MESCOM indicated supply to IP sets beyond six hours.

Regarding IP sets, MESCOM has stated that the installations in FY12 under LT-4a category is 218349 and sales including unbilled energy is 1058.95 MU, Thus the specific consumption is estimated at 5035 units/IP/year. Regarding hours of supply to IP sets, MESCOM has stated that considering better collection efficiency in Dakshina Kannada and Udupi districts, both districts are considered as urban and efforts are made to arrange supply as per urban norms in these districts. In other districts power supply is arranged as per rural norms. Further, in response to validation meeting, MESCOM has furnished details of energy consumption by IP sets during the period when RLMS was working satisfactorily and after. Based on the analysis, MESCOM has stated that with discontinuance of RLMS, hours of supply to IP sets has increased resulting in increased IP consumption.

### **3. Commission's estimation of number of Installations and sales for the Control Period FY14-FY16.**

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

After duly considering the replies of MESCOM and the Comments/suggestions of stakeholders in the matter of sales the Commission, has adopted the five year CAGR [FY07- FY12] for the purpose of estimating the number of installations for categories other than BJ/KJ

and IP sets. The number of installations for BJ/KJ has been considered as proposed by MESCOM and apportioned between installations consuming less than or equal to 18 units and installations consuming more than 18 units per month in the ratio as furnished by MESCOM in their replies to preliminary observation / validation meeting. The estimation of number of IP sets is discussed under the heading sales to IP Sets.

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

Category	FY14 as proposed by MESCOM		FY14 as approved by the Commission		FY15 as proposed by MESCOM		FY15 as approved by the Commission		FY16 as proposed by MESCOM		FY16 as approved by the Commission	
	No.ofInst ls.	Sales in MUs	No.ofInst ls.	Sales in MUs	No.ofInst ls.	Sales in MUs	No.ofInst ls.	Sales in MUs	No.ofInst ls.	Sales in MUs	No.ofInst ls.	Sales in MUs
LT-2a	1320197	1197.65	1436756	1241.10	1374176	1325.29	1497505	1362.18	1418737	1459.27	1551793	1484.95
LT-2b	3036	10.44	3055	10.67	3163	11.37	3202	11.86	3296	12.39	3356	13.17
LT-3	171617	344.58	170822	337.52	177843	397.55	176195	381.00	184296	459.18	181737	430.07
LT-4 (b)	169	2.29	169	2.14	169	2.56	169	2.24	169	2.86	169	2.35
LT-4 (c)	2400	6.93	2406	6.84	2474	7.42	2486	7.22	2550	7.96	2569	7.61
LT-5	23794	150.70	23554	147.23	25109	159.07	24601	151.75	26501	168.00	25694	156.41
LT-6	10685	107.41	10787	103.94	11040	118.37	11252	110.83	11407	130.44	11736	118.19
LT-6	14368	63.58	14531	57.41	14744	69.24	15081	57.41	15130	75.41	15652	57.41
LT-7	8964	20.15	8964	20.15	8964	20.15	8964	20.15	8964	20.15	8964	20.15
HT-1	67	91.18	67	98.65	72	98.81	73	115.73	77	107.08	79	135.72
HT-2 (a)	678	671.54	700	658.67	740	721.37	795	693.99	802	774.90	903	731.21
HT-2 (b)	627	257.53	622	257.27	670	290.03	662	290.61	713	326.63	705	327.61
HT-3(a) & (b)	13	13.22	13	13.22	14	13.22	14	14.24	15	13.22	15	15.25
HT-4	66	23.02	66	21.56	68	24.91	68	21.85	70	26.96	70	22.15
HT-5	2	2.44	2	2.44	2	2.44	2	2.44	2	2.44	2	2.44

Sale to KPCL		13.03		13.03		13.03		13.03		13.03		13.03
<b>Total of categories other than BJ/KJ and IP sets</b>	<b>1556683</b>	<b>2975.69</b>	<b>1672514</b>	<b>2991.84</b>	<b>1619248</b>	<b>3274.83</b>	<b>1741069</b>	<b>3256.53</b>	<b>1672729</b>	<b>3599.92</b>	<b>1803444</b>	<b>3537.72</b>

Note:

1. Number of installations and sales under RGGVY accounted in LT2a category.
2. Estimates of MESCOM retained for LT & HT temporary and
3. HT 3a & b categories installations retained as per MESCOM and sales estimated based on installation growth rate as sales CAGR is negative.
4. LT4(b) number of installations retained as estimated by MESCOM as there is negative growth.

### b) Sales to BJ/KJ:

The Commission has noted that MESCOM had considered 18 units/installation/month as the specific consumption for estimating sales to this category. As stated earlier the Commission has considered the specific consumption of 10.83 units/month as per the actuals of FY12, based on the information furnished by MESCOM for installations under BJ/KJ who are consuming less than or equal to 18 units/month/installation. The remaining installations consuming 35.83 units/installation/month as per actuals, are already accounted in LT-2(a) sales. Considering specific consumption of 10.83 units/installation/month, the estimated BJ/KJ sales is as under:

Category	FY14 as proposed by MESCOM		FY14 as approved by the Commission		FY15 as proposed by MESCOM		FY15 as approved by the Commission		FY16 as proposed by MESCOM		FY16 as approved by the Commission	
	No. of in stls.	Sales in MUs	No. of in stls.	Sales in MUs	No. of in stls.	Sales in MUs	No. of in stls.	Sales in MUs	No. of in stls.	Sales in MUs	No. of in stls.	Sales in MUs
LT-1	197160	53.67	139511	18.56	216742	57.28	159093	21.16	219542	59.70	161893	21.54

**c) Sales to IP Sets:**

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

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

**Benchmarked LT Line losses as per TERI Studies**

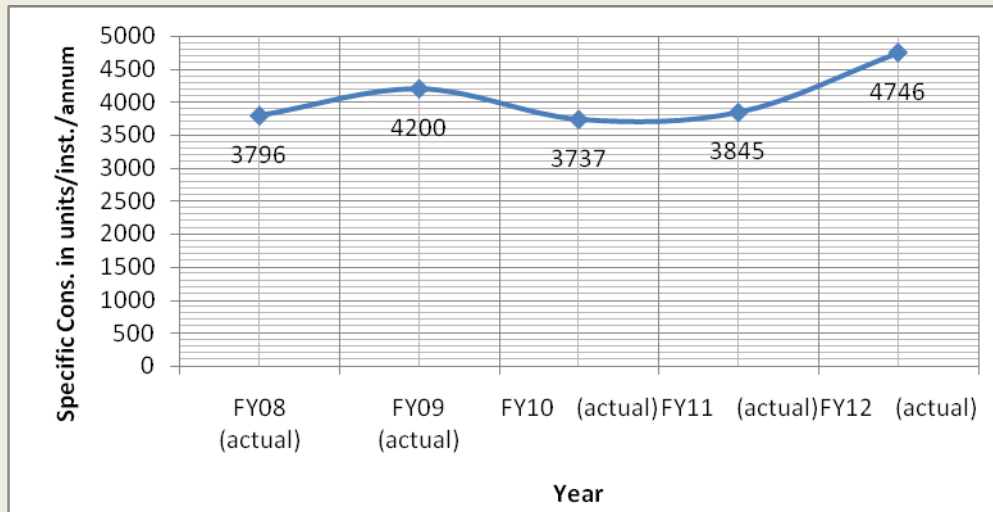
<b>ESCOM</b>	<b>Benchmarked LT Line losses in %</b>
BESCOM	6.00
MESCOM	7.00
CESC	5.80
HESCOM	6.50
GESCOM	7.50

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

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



Financial Year	FY08	FY09	FY10	FY11	FY12
Specific Cons. in units/inst./annum.	3796	4200	3737	3845	4746



It is noted that in FY12 MESCOM has indicated a specific consumption of 4746 units/installation/annum which indicates 23.43% growth over the actual of FY11. As seen from the graph it is observed that there is no appreciable change in the trend of specific consumption from FY8 to FY11, whereas in FY12 the specific consumption has increased suddenly which the Commission considers as abnormal. Also, MESCOM does not seem to have taken into account the unauthorized IP sets while computing specific consumption. The Commission takes into account the presence of 11362 Nos. of un-authorized installations in FY12 while arriving at the specific consumption in this tariff order.

As per the monthly reports received in the Commission, the number of IP installations in FY12 is 220695. Considering 11362 Nos. of un-authorized IP Set installations, the total No. of installations recognized for FY12 are 232057. Taking the total consumption of 1003.74 MU and the mid-year installations of 218330, the specific consumption for FY12, works out to 4597 units/installation/annum. The Commission freezes the specific

consumption at 4597 units/installation/annum for the entire control period FY14 to FY16. On the basis of this specific consumption and the number of installations as proposed by MESCOM for the control period, the Commission has worked out the sales to IP category as indicated here under:

**TABLE – 5.5**  
**Approved Specific Consumption of IP sets for FY14-16**

Particulars	As per filing by MESCOM			As approved by the Commission		
	FY14	FY15	FY16	FY14	FY15	FY16
Sales in Mu.	1224.27	1249.44	1274.62	1117.77	1140.75	1163.74
No. of Installations	245651	250651	255651	245651	250651	255651
Mid Year No. of installations	243151	248151	506302	243151	248151	506302
Sp. cons. in units/installation /annum	4984	4985	4986	4597	4597	4597

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

**TABLE – 5.6**  
**Approved Sales for FY14-16**

Particulars	FY14			FY15			FY16		
	No.ofInstls.	Sales in MUs	Growth in %age	No.ofInstls.	Sales in MUs	Growth in %age	No.ofInstls.	Sales in MUs	Growth in %age
Categories other than BJ/KJ and IP Sets	1672514	2991.84	9.92	1741069	3256.53	8.83	1803444	3537.72	8.63
BJ/KJ and IP Sets	385162	1136.33	2.49	409744	1161.91	2.25	417544	1185.22	2.00
<b>Total</b>	<b>2057676</b>	<b>4128.17</b>	<b>7.77</b>	<b>2150813</b>	<b>4418.44</b>	<b>7.02</b>	<b>2220988</b>	<b>4722.94</b>	<b>6.89</b>

### 5.3.3 Distribution Losses for FY14-16

#### MESCOM's Submission:

As per the audited accounts for FY12, MESCOM has reported distribution losses of 12.09% as against an approved loss level of 12.10%. The Commission in its tariff order dated 30<sup>th</sup> April 2012 has fixed the target level

of losses for FY13 at 12%. MESCOM in its filing has proposed to achieve loss level of 12% for FY13.

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

<b>Particulars</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Distribution losses in %age of input at interface points	11.75	11.50	11.25

**Commission's Analysis and Decisions:**

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

<b>Particulars</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>
Approved Distribution losses (%)	14.90	14.80	12.90	12.50	12.10	12.00
Actual distribution losses (%)	13.71	12.95	12.64	13.07	12.09	12.00*

\* As projected for FY13

From the above data, it is evident that MESCOM has been able to bring down its distribution loss levels from 13.71% in FY08 to 12.09% in FY12 i.e. a reduction by 1.62%. Further, it has proposed reduced to achieve loss levels of 12% as set by the Commission for FY13.

MESCOM has incurred capital expenditure of Rs.858.00 Crores during the period FY08 to FY12. Further, it has proposed a capital expenditure of Rs.705.00 Crores for the third control period i.e. FY14-16. The proposal of

MESCOM indicates loss reduction of 0.25% from the existing levels for each year of the control period.

During the past two control periods i.e. from FY08 to FY13, MESCOM has incurred the following capital expenditure:

<b>Capital Investment in Rs.Crs.</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Approved	351	264	402	257	349	250			
Actuals/Proposed	123	214	206	188	127		281	216	208

The Commission notes that, Capex programme in the past and the proposed capex includes works that would enable reduction of distribution losses. However, as the existing loss levels of MESCOM which is at 12% which is low compared to the losses elsewhere in the distribution sector in the country the Commission decides to accept the proposal of MESCOM. Accordingly, the Commission decides to approve the following range of distribution losses for FY14-16:

**TABLE – 5.7**

**Approved Distribution Losses for FY14-16**

<b>Particulars</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Upper limit	12.00	11.75	11.50
<b>Average limit</b>	<b>11.75</b>	<b>11.50</b>	<b>11.25</b>
Lower limit	11.50	11.25	11.00

**5.3.4 Power Purchase for the Control Period FY14-16:**

**a) MESCOM's submission for procurement of Power for the Control Period FY-14 to FY-16:**

In its fillings, MESCOM has submitted the proposal for procurement of 5017.68 MUs of energy at a cost of Rs.1419.80 Crores in FY14, 5388.10MUs of energy at a cost of Rs.1609.89Crores in FY15, and 5785.34MUs of energy at a cost of Rs. 1907.65 Crores in FY16. Source-wise procurement Proposal submitted for the Control Period FY-14-16 is indicated in the following tables:

**TABLE – 5.8**

**Source-wise procurement Proposal submitted by MESCOM for FY-14**

<b>SL No</b>	<b>Sources</b>	<b>Energy as per Fillings (MUs)</b>	<b>Total Cost of Energy (Rs Cr)</b>	<b>Per Unit Cost of Energy(Rs/Kwh)</b>
<b>1</b>	KPCL Hydro, Jurala& TB Dam Share	909.07	59.33	0.65
<b>2</b>	KPCL Thermal	1459.78	504.74	3.46
<b>3</b>	CGS	1231.21	379.08	3.08
<b>4</b>	IPPs	619.63	193.76	3.13
<b>5</b>	NCE	715.90	248.21	3.47
<b>6</b>	Short-term	82.09	34.68	4.20
<b>7</b>	Total Energy Available	5017.68	1419.80	2.83
<b>8</b>	<b>Energy proposed for procurement</b>	<b>5017.68</b>	<b>1419.80</b>	<b>2.83</b>

**TABLE – 5.9**

**Source-wise procurement Proposal submitted by MESCOM for FY-15**

<b>SL No</b>	<b>Sources</b>	<b>Energy as per Fillings (MUs)</b>	<b>Total Cost of Energy (Rs Cr)</b>	<b>Per Unit Cost of Energy (Rs/Kwh)</b>
<b>1</b>	KPCL Hydro, Jurala& TB Dam Share	874.12	60.55	0.69
<b>2</b>	KPCL Thermal	1570.47	554.21	3.53
<b>3</b>	CGS	1303.36	418.67	3.21

4	IPPs	619.63	193.76	3.13
5	NCE	875.16	313.65	3.58
6	Total Energy Available	5242.74	1540.84	2.99
7	Deficit Energy to be procured	145.36	69.05	4.75
<b>8</b>	<b>Energy proposed for procurement</b>	<b>5388.10</b>	<b>1609.89</b>	<b>2.99</b>

**TABLE – 5.10**

**Source-wise procurement Proposal submitted by MESCOM for FY-16**

SL No	Sources	Energy as per Fillings (MUs)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
1	KPCL Hydro, Jurala& TB Dam Share	874.12	61.04	0.70
2	KPCL Thermal	2932.44	1181.84	4.03
3	CGS	1332.18	437.14	3.28
4	IPPs	619.63	193.76	3.13
5	NCE	962.13	348.08	3.62
6	Total Energy Available	6720.50	2221.86	3.31
7	<b>Energy proposed for procurement</b>	<b>5785.34</b>	<b>1907.65</b>	<b>3.30</b>
8	Excess Energy to be Disposed off	935.16	314.21	3.36

**b) Commission's Analysis and decision:**

**Energy Requirements**

The total requirement of energy for a Distribution Company to meet the demand of its consumers would be the sum of estimated energy sales and the system losses (distribution losses and Transmission losses) as

allowed by the Commission. Based on the energy sales, distribution losses and transmission losses in the system, as discussed in above paragraphs of sales forecast and distribution losses for FY14-16, the energy requirement for the Control Period FY14-16 is calculated and shown in the following table and the same is allowed for calculating the retail supply tariff.

**TABLE – 5.11****Estimated Energy requirement allowed for the control period FY-14-16**

<b>PARTICULARS</b>	<b>UNIT</b>	<b>FY-14 QUANTUM</b>	<b>FY-15 QUANTUM</b>	<b>FY-16 QUANTUM</b>
Estimated Sales	MUs	4128.17	4418.44	4722.94
Percentage distribution losses	%	11.75	11.50	11.25
Energy at interface point	MUs	4677.81	4977.40	5307.04
Percentage transmission losses	%	3.94	3.92	3.90
<b>Total energy requirement</b>	<b>MUs</b>	<b>4869.68</b>	<b>5180.47</b>	<b>5522.41</b>

Further, the Commission has observed that due to the prevailing situation of Power shortage in the State, ESCOMs are resorting to short term / medium buying of power. Even though the per unit cost of short and medium term procurement of power has declined from Rs.6.93 in FY09 to Rs.4.33 in 2013 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 41060.60MUs) to about 10170 MUs in FY13 (over 17.84% of around 57000 MUs consumption of energy). This has significantly impacted on the average cost of power supplied. In the last tariff order dated 30th April 2012, the Commission has directed ESCOMs to plan its requirements in advance and make arrangements for procurement of power on medium and long term basis, so that the power purchase cost would be reasonable.

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



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

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

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

**TABLE – 5.12**

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

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	1060.26	62.63	0.59
2	KPCL THERMAL	1438.82	536.88	3.73
3	CGS SUPPLY	1153.89	341.74	2.96
4	IPPS	501.33	207.39	4.14
5	NCE	715.70	248.21	3.47
	<b>TOTAL</b>	<b>4870.00</b>	<b>1396.85</b>	<b>2.87</b>

**TABLE – 5.13**

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

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	1360.15	80.22	0.59
2	KPCL THERMAL	1496.54	578.33	3.86
3	CGS SUPPLY	1215.30	363.09	2.99
4	IPPS	233.55	97.80	4.19
5	NCE	875.16	313.65	3.58
	<b>TOTAL</b>	<b>5180.70</b>	<b>1433.09</b>	<b>2.77</b>

**TABLE – 5.14**  
**Approved Power Purchase requirement of MESCOM for**  
**calculation of Retail tariff for FY-16**

SL No	Name of the Generating Station	Allowed Energy in MUs	Cost of Energy Rs Cr	Unit Cost of Energy Rs/Kwh
1	KPCL HYDEL	1340.15	79.84	0.60
2	KPCL THERMAL	2004.84	968.19	4.83
3	CGS SUPPLY	1215.30	368.05	3.03
4	NCE	962.13	348.08	3.62
	<b>TOTAL</b>	<b>5522.42</b>	<b>1764.16</b>	<b>3.19</b>

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

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

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

**TABLE – 5.15**

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

Sl. No	Particulars	FY14		FY15		FY16	
		As Filed	As Appd	As Filed	As Appd	As Filed	As Appd
1	Energy @ Gen Bus	5018	4869.68	5388.11	5180.48	5785.34	5522.42
2	Transmission Losses in %	3.94%	3.94%	3.92%	3.92%	3.90%	3.90
3	Energy @ Interface in MU	4820	4677.81	5176.89	4977.40	5559.71	5307.04
4	Distribution Losses in %	11.75%	11.75%	11.50%	11.50%	11.25%	11.25%
	<b>Sales in MU</b>						
5	Sales to categories other than IP sets and BJ/KJ	3001	2991.84	3300	3256	3625	3538.00
6	Sales to IP sets and BJ/KJ	1253	1136.33	1282	1162	1309	1185.28

7	<b>Total Sales</b>	<b>4253.63</b>	<b>4128.17</b>	<b>4581.55</b>	<b>4418.00</b>	<b>4934.24</b>	<b>4724.00</b>
---	--------------------	----------------	----------------	----------------	----------------	----------------	----------------

### 5.3.5 O & M Expenses:

#### **MESCOM's Proposal:**

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

- Basic pay is projected on an annual increase of 3%.
- Employee strength is projected considering proposed recruitment of 346 numbers of Assistant line men's.
- Dearness allowance for the period FY14-16 is based on actual increase of 13% in the years FY11 & FY12.
- Other allowances such as HRA etc. are considered at 9.18% as per actuals in FY12.
- Ex-gratia / bonus at Rs.3500 per employee is considered.
- Medical expenses at 2.45% of the basic pay as per actuals in FY12 is considered.
- Additional labour charges for maintenance works are considered at Rs.8500 per labourer.
- Pension & Gratuity contribution considered at 29.11% and 3.34% respectively.
- Repair and Maintenance cost are projected based on three years CAGR for the period FY09 to FY12.
- Administrative & General expenses are based on three years CAGR for the period FY09 to FY12.

Considering the above assumptions MESCOM has projected O & M expenses for the control period FY14-16 as follows:

**TABLE – 5.16****O & M Expenses for FY14-16 – MESCOM's Proposal**

<b>Year</b>	<b>Employee Costs</b>	<b>R&amp;M Costs</b>	<b>A&amp;G Costs</b>	<b>Total O&amp;M Costs</b>
FY09 (Actual)	119.72	11.57	24.89	156.18
FY10 (Actual)	128.39	12.42	30.26	171.07
FY11 (Actual)	173.05	13.67	29.57	216.29
FY12 (Actual)	187.79	13.36	30.74	231.89
<b>FY13 (T.O.2012)</b>	-	-	-	<b>255.37</b>
FY13 (Revised Estimates)	213.22	14.63	34.37	262.22
FY14 (Projection)	252.97	16.11	37.35	306.43
FY15 (Projection)	275.10	17.84	40.60	333.54
FY16 (Projection)	298.14	19.87	44.15	362.16

**Commission's Analysis & Decision:**

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

The Commission notes that, the actual O& M expenses for FY12 was Rs.231.89 Crores. As per the norms under the MYT Regulations, the normative O & M expenses for FY12 was Rs.201.32 Crores. The difference was mainly on account of additional employee costs due to revision of pay and revision of HRA during FY12. Though the O & M expenses are termed as 'controllable expenses', the Commission has considered the additional employee costs due to revision of pay as uncontrollable O & M expenses.

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

- a) The actual O & M expenses for FY12 without contribution to Pension and Gratuity Trust (since the contribution to Pension and Gratuity Trust

is made by MESCOM on the basis of actuarial valuation report for each financial year).

- b) The three year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts for the period FY09 to FY12.
- c) The inflation factor at 5.49% as per the CERC Notification dated 25<sup>th</sup> September 2012.
- d) Efficiency factor at 1% as considered in the earlier two control periods.

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

**TABLE – 5.17**  
**Approved Normative O & M expenses for FY14-16**

<b>Particulars</b>	<b>FY12</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
No. of Installations	1836984	1999494	2086641	2147922
CGI based on 3 Year CAGR (Using actuals of FY09 to FY12)	4.68%	4.68%	4.68%	4.68%
Inflation as per CERC Order dated 25.09.2012	5.49%	5.49%	5.49%	5.49%
Base Year O&M Cost excluding P&G Contribution (FY12 as per actuals) (Rs.in Crs.)	198.78			
<b>O&amp;M Index= <math>O\&amp;M(t-1) * (1+WII+CGI-X)</math></b> <b>(Rs.in Crs.)</b>		236.89	258.61	282.31

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

**TABLE – 5.18****Approved Uncontrollable O & M Expenses – FY14-16**

Amount in Rs. Crs.

Particulars	FY14	FY15	FY16
Basic Pay	133.25	137.25	141.36
DA on Basic pay	15.99	27.45	39.58
Pension Contribution @ 29.11% on Basic+DP+DA	43.44	47.94	52.67
Gratuity Contribution @ 3.34% on Basic+DP	4.45	4.58	4.72
Increase in HRA due to Revision by GoK w.e.f 01.04.2012	1.00	1.03	1.06
<b>Allowable uncontrollable additional O&amp;M cost</b>	<b>48.89</b>	<b>53.56</b>	<b>58.46</b>

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

**TABLE – 5.19****Approved O & M Expenses for FY14-16**

Amount in Rs. Crs.

Particulars	FY14	FY15	FY16
Normative O &M expenses	236.89	258.61	282.31
Uncontrollable O & M expenses	<b>48.89</b>	<b>53.56</b>	<b>58.46</b>
<b>Total approved O&amp;M Expenses</b>	<b>285.79</b>	<b>312.16</b>	<b>340.77</b>

**5.3.6 Depreciation:**

MESCOM has stated that, the projected depreciation for the control period FY14-16 is based on CERC prescribed rates. Accordingly, the following is the projected depreciation for FY14-16:

**Projected Depreciation for FY14-16 – MESCOM's Proposal**

Year	Amount
FY09 (Actual)	26.27
FY10 (Actual)	45.39
FY11 (Actual)	51.13
FY12 (Actual)	58.89
<b>FY13 (T.O.2012)</b>	<b>77.38</b>
FY13 (Revised Estimates)	71.99
FY14 (Projection)	83.02
FY15 (Projection)	95.41
FY16 (Projection)	104.11

### Commission's Analysis and Decision:

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

- a) The actual rate of depreciation of category wise assets is determined considering the actual depreciation and gross block of opening and closing balance of fixed assets as per audited accounts for FY12.
- b) This actual rate of depreciation is considered on the gross block of fixed assets projected by MESCOM in its filing for FY14-16.
- c) The projected depreciation for the control period by MESCOM does not separately indicate depreciation of assets on account of contribution by consumers / grants. As such, for the present the Commission has not considered projected depreciation on assets from contribution by consumers / Grants. However in accordance in with the orders of the Hon'ble ATE in Appeal No.108/2010, the Commission will factor the depreciation of assets created from contribution by consumers / Grants during the Annual Performance Review.

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

**TABLE – 5.20**

#### **Approved Depreciation for FY14-16**

**Amount in Rs. Crs.**

<b>Particulars</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Buildings	0.89	0.97	1.02
Civil	0.11	0.12	0.12
Other Civil	0.02	0.02	0.02
Plant & M/c	13.79	15.26	16.12
Line, Cable Network	61.83	69.34	75.63
Vehicles	0.05	0.06	0.06
Furniture	0.14	0.16	0.17
Office Equipments	0.03	0.04	0.04
<b>Total</b>	<b>76.87</b>	<b>85.95</b>	<b>93.18</b>

### 5.3.7 Interest on Loans:

MESCOM has projected its interest on loans on the following basis:

- a) Average loan for each of the year has been considered for computation of interest.
- b) Interest rate in respect of the loans from commercial banks is taken as 14.50% which is the prime lending rate of SBI with effect from 27-09-2012.
- c) Interest rate in respect of the loans from REC is taken as 12.00%. Whereas the interest on other REC funding is considered as 11.50%.
- d) Interest rate for the RGGVY, PMGY and PFC schemes is considered as 12.25%, 12.00% and 9.50%, respectively.
- e) Interest rate in respect of the loans from GoK is taken as 11.50%.

Accordingly, MESCOM has projected interest on loans for the control period FY14-16 as follows:

**Interest on Loans – MESCOM's Proposal**  
Amt.in Rs. Crores

Year	Amount
FY10 (Actual)	32.09
FY11 (Actual)	39.41
FY12 (Actual)	46.34
FY13 (T.O.2012)	60.78
FY13 (Revised Estimates)	60.43
FY14 (Projection)	69.38
FY15 (Projection)	73.73
FY16 (Projection)	70.87

#### Commission's Analysis and Decision:

As per the audited accounts for FY12, MESCOM has an average loan of Rs.387.89Crores and has incurred an interest of Rs.46.63 Crores. This works out to 12.02% of interest on loan.



Considering, the existing loans and repayments as proposed by MESCOM and applying a normative interest of 12% per annum as against 12.02% in FY12, the interest on existing loans for FY14-16 are as follows:

**TABLE – 5.21**  
**Approved Interest on Loans**  
**Amount in Rs. Crs.**

<b>Particulars</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Opening balance of loan	454.66	529.56	519.46
Add New Loans	161.00	81.00	65.00
Less repayment	86.10	91.10	96.10
Closing balance of loans	529.56	519.46	488.36
Average loan	492.11	524.51	503.91
Rate of interest in %age	12%	12%	12%
<b>Approved Interest on loans</b>	<b>59.05</b>	<b>62.94</b>	<b>60.47</b>

### 5.3.8 Interest on Working Capital:

MESCOM has claimed interest on working capital as per the provisions of the MYT Regulations. The following is the claims of interest on working capital for FY14-16:

**TABLE – 5.22**  
**Interest on Working Capital for FY14-16 – MESCOM's Proposal**  
**Amount in Rs. Crs.**

<b>Year</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
1/12th of O&M Expenses	25.54	27.80	30.18
Opening GFA	1583.80	1819.57	1985.08
1% on opening GFA	15.84	18.20	19.85
1/6th of Revenue	329.89	356.34	384.96
Total Working Capital	371.27	402.34	434.99
Rate of Interest (%)	14.50%	14.50%	14.50%
<b>Interest on Working Capital</b>	<b>53.83</b>	<b>58.34</b>	<b>63.07</b>

### Commission's Analysis and Decision:

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

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

**TABLE – 5.23**  
**Approved Interest on Working Capital for FY14-16**

Amount in Rs. Crs.

Particulars	FY14	FY15	FY16
One-twelfth of the amount of O&M Exp.	23.82	26.01	28.40
Opening GFA	1583.80	1819.57	1985.08
Stores, materials and supplies 1% of Opening balance of GFA	15.84	18.20	19.85
One-sixth of the Revenue	329.89	356.34	384.96
Total Working Capital	369.54	400.55	433.21
Rate of Interest (% p.a.)	11.75%	11.75%	11.75%
<b>Approved Interest on Working Capital</b>	<b>43.42</b>	<b>47.06</b>	<b>50.90</b>

### 5.3.9 Interest on Consumer Deposit:

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

**TABLE – 5.24**

**Interest on Consumer Deposits for FY14-16 – MESCOM's Proposal**

Amount in Rs. Crs.

<b>Interest on Consumer Deposit</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
	22.15	24.55	26.66

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

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

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

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

**TABLE – 5.25**  
**Approved Interest on Consumer Deposits for FY14-16**  
**Amount in Rs. Crs.**

<b>Particulars</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
Opening balance of consumer deposits	349.18	389.25	429.1
Rate of Interest at bank rate to be allowed as per regulations	8.75%	8.75%	8.75%
<b>Interest allowed.</b>	<b>32.31</b>	<b>35.80</b>	<b>38.88</b>

#### **5.3.10 Other Interest and Finance Charges:**

MESCOM has claimed an amount of Rs. 0.29 Crores for each year of the control period towards other interest and finance charges. The Commission decides to allow the same.

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

**TABLE – 5.26**  
**Approved Interest on Finance Charges for FY14-16**  
**Amount in Rs. Crs.**

Particulars	FY14	FY15	FY16
Interest on Loans	59.05	62.94	60.47
Interest on Working Capital	43.42	47.06	50.90
Interest on Consumers Deposit	32.31	35.80	38.88
Other Interest & Finance Charges	0.29	0.29	0.29
Less Interest Capitalised	(2.71)	(2.97)	(3.26)
<b>Total Interest &amp; Finance Charges</b>	<b>132.36</b>	<b>143.12</b>	<b>147.28</b>

### 5.3.11 Return on Equity:

MESCOM in its filing has computed the RoE for the control period as follows:

Amount in Rs.Crs.

Year	Paid up share capital	Capital Reserve	Surplus	Prev. Year RoE (without MAT)	Total Equity	RoE @ 19.377 % [*]
FY13 (T.O.2012)	157.34	25.78	-	38.79	221.91	43.00
FY13 (Revised Estimate)	172.07	20.48	58.85	-	251.40	48.71
FY14	187.07	20.48	58.85	38.97	305.37	59.17
FY15	187.07	20.48	97.82	47.33	352.70	68.34
FY16	187.07	20.48	145.15	54.67	407.37	78.94

MESCOM has stated that as per Order No. EN 67 PSR 2012 dated 06-09-2012, GoK has allotted equity of Rs.15.00 Crores towards regularization of un-authorized IP sets. As such MESCOM has projected its share capital at Rs.187.07 Crores from FY14 onwards.

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

The Commission has considered the share capital and reserves & surplus for computation of RoE. The share capital as per the audited accounts for FY12 has been considered along with the additional equity of Rs.19.00 Crores infused by GoK during FY13 for the period FY14-16. The reserves & surplus are considered as per the audited Balance Sheet of FY12 duly considering the RoE earned during each year of the control period.

Further, the Commission, 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 FY14-16 will be as follows:

**TABLE – 5.27**  
**Approved RoE for FY14-16**

Amt.in Rs.Crores			
Particulars	FY14	FY15	FY16
Paid Up Share Capital	172.06	172.06	172.06
Share Deposit	19.00	19.00	19.00
Reserves & Surplus	94.64	138.92	190.07
Equity Reserves & Surplus at the beginning of the year	285.70	329.98	381.13
Approved Return on Equity	55.36	63.94	73.85

#### 5.3.12 Other Income:

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

**Other Income for FY14-16 – MESCOM's Proposal**  
**Amount in Rs. Crs.**

Other Income	FY14	FY15	FY16
	46.98	46.98	46.98

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

The actuals of other income as per the audited accounts for FY12 is Rs.44.32 Crores. This includes an amount of Rs.20.00 Crores pertaining to other income relating to power purchase which is not available normally

for each year.As such, the Commission decides to approve the following as other income for the control period:

**Approved Other Income for FY14-16**

**Amount in Rs. Crs.**

Other Income	FY14	FY15	FY16
	34.34	40.00	45.00

**5.3.13 Fund towards Consumer Relations / Consumer Education:**

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

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

**5.4 Abstract of ARR for FY14-16:**

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

**TABLE – 5.28**

**Approved consolidated ARR for FY14-16**  
Amount in Rs.Crs.

Sl. No	Particulars	FY14		FY15		FY16	
		As Filed	As Appd	As Filed	As Appd	As Filed	As Appd
	<b>Expenditure in Rs Crs</b>						
1	Power Purchase Cost	1454.56	1396.49	1644.55	1432.78	1942.31	1763.94
2	Transmission charges of KPTCL	231.06	184.97	216.82	187.71	262.72	225.37
3	SLDC Charges	1.99	1.64	1.99	1.6	1.99	1.82
<b>4</b>	<b>Power Purchase Cost including cost of transmission</b>	<b>1687.61</b>	<b>1583.10</b>	<b>1863.36</b>	<b>1622.09</b>	<b>2207.02</b>	<b>1991.13</b>
5	Employee Cost	252.97		275.1		298.14	
6	Repairs & Maintenance	16.11		17.84		19.87	
7	Admin & General Expenses	37.35		40.6		44.15	
<b>8</b>	<b>Total O&amp;M Expenses</b>	<b>306.43</b>	<b>285.79</b>	<b>333.54</b>	<b>312.16</b>	<b>362.16</b>	<b>340.77</b>
9	Depreciation	83.02	76.87	95.41	85.95	104.11	93.18
<b>10</b>	<b>Interest &amp; Finance charges</b>						
11	Interest on Loans	69.38	59.05	73.73	62.94	70.87	60.47
12	Interest on Working capital	53.83	43.42	58.34	47.06	63.07	50.90
13	Interest on belated payment on PP Cost						
14	Interest on consumer deposits	22.15	32.31	24.55	35.80	26.66	38.88
15	Other Interest & Finance charges	0.29	0.29	0.29	0.29	0.29	0.29
16	Less interest capitalised	2.71	2.71	2.97	2.97	3.26	3.26
<b>17</b>	<b>Total Interest &amp; Finance charges</b>	<b>142.94</b>	<b>132.36</b>	<b>153.94</b>	<b>143.13</b>	<b>157.63</b>	<b>147.28</b>
18	Other Debits	3.58	0	3.58	0	3.58	0
19	Net Prior Period Debit/Credit	6.94	0	6.94	0	6.94	0
20	RoE	59.17	55.36	68.34	63.94	78.94	73.85
21	Funds towards Consumer Relations/Consumer Education	0.5	0.5	0.5	0.5	0.5	0.5
22	Other Income	46.98	34.34	46.98	40.00	46.98	45.00
<b>23</b>	<b>Net ARR</b>	<b>2243.21</b>	<b>2099.63</b>	<b>2478.63</b>	<b>2187.78</b>	<b>2873.90</b>	<b>2601.70</b>



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

**MESCOM's Proposal:**

MESCOM in its filing has segregated the consolidated ARR into ARR for Distribution Business and ARR for Retail Supply Business based on its internal committee's report as follows:

**TABLE – 5.29**

**Segregation of ARR- MESCOM's Proposal**

<b>Particulars</b>	<b>Distribution Business</b>	<b>Retail Supply Business</b>
Power Purchase	0%	100%
R&M Expenses	73%	27%
Employee Expenses	38%	62%
A&G Expenses	37%	63%
Depreciation	78%	22%
Interest and Finance Charges	78%	22%
Other Debits	0%	100%
Net Prior Period Debit/Credit	0%	100%
Income Tax	100%	0%
Gross fixed assets	78%	22%
Net fixed assets	78%	22%
CWIP	100%	0%

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

The proposal of MESCOM does not indicate the basis of segregation. In the absence of any justified proposals by MESCOM, the Commission decides to continue the existing ratio of segregation as given below:

**TABLE – 5.30****Approved Segregation of ARR**

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

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

**TABLE – 5.31****APPROVED ARR FOR DISTRIBUTION BUSINESS FOR FY 14-16 – MESCOM**

Amount Rs.in Crs.

Sl. No	Particulars	FY14	FY15	FY16
1	R&M Expenses			
2	Employee Expenses			
3	A&G Expenses	111.46	121.74	132.90
4	Depreciation	64.57	72.20	78.27
	<b>Interest &amp; Finance Charges</b>			
5	Interest on Loan Capital	59.05	62.94	60.47
6	Interest on Working Capital	5.92	6.52	7.09
7	Interest on Consumer Deposits	0.00	0.00	0.00
8	Other Interest & Finance Charges	0.29	0.29	0.29
9	Less: Interest & other expenses capitalised	2.71	2.97	3.26
10	Other Debits (incl. Prov for Bad debts)	0.00	0.00	0.00
11	Extraordinary Items	0.00	0.00	0.00
12	Other (Misc.)-net prior period credit	0.00	0.00	0.00
<b>13</b>	<b>Total</b>	<b>238.58</b>	<b>260.73</b>	<b>275.75</b>
14	ROE	43.18	49.87	57.60
15	Other Income	2.40	2.80	3.15
16	Provision for taxes	0.00	0.00	0.00

17	NET ARR	<b>279.36</b>	<b>307.80</b>	<b>330.21</b>
----	---------	---------------	---------------	---------------

**TABLE – 5.32**

**APPROVED ARR FOR RETAIL SUPPLY BUSINESS FOR FY 14-16 – MESCOM**

**Amount in Rs. Crs.**

<b>Sl. No</b>	<b>Particulars</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
1	Power Purchase including SLDC charges	1583.10	1622.09	1991.13
2	R&M Expenses			
3	Employee Expenses			
4	A&G Expenses	174.33	190.42	207.87
5	Depreciation	12.30	13.75	14.91
	<b>Interest &amp; Finance Charges</b>			
6	Interest on Loan Capital	0.00	0.00	0.00
7	Interest on Working Capital	37.50	40.54	43.81
8	Interest on Consumer Deposits	32.31	35.80	38.88
9	Other Interest & Finance Charges	0.00	0.00	0.00
10	Less: Interest & other expenses capitalised	0.00	0.00	0.00
11	Other Debits (incl. Prov for Bad debts)	0.00	0.00	0.00
12	Extraordinary Items	0.00	0.00	0.00
13	Other (Misc.)-net prior period credit	0.00	0.00	0.00
<b>14</b>	<b>Total</b>	<b>1839.54</b>	<b>1902.61</b>	<b>2296.59</b>
15	ROE	12.18	14.07	16.25
16	Other Income	31.94	37.20	41.85
17	Provision for taxes	0.00	0.00	0.00
18	Fund towards Consumer Relations / Consumer Education	0.50	0.50	0.50
19	NET ARR	<b>1820.28</b>	<b>1879.98</b>	<b>2271.49</b>

**5.6 Gap in Revenue for FY14:**

The Commission in its tariff order dated 30<sup>th</sup> April 2012, had arrived at a revenue gap of Rs.32.53 Crores for FY13. This was on account of the Regulatory Asset of Rs.10.00 Crores for FY13 as per the Commission's Tariff Order dated 28<sup>th</sup> October 2011 and a projected gap in revenue of Rs.22.53 Crores on account of the unmet revenue gap of FY12 subject to

APR of FY12. This gap in revenue of Rs.32.53 Crores for FY13 was met by the revision of retail supply tariff for FY13.

In this order, the Commission has approved the Annual Performance Review (APR) for FY12 and the revenue surplus of Rs.68.89 Crores has been carried forward to the ARR of FY14.

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

Considering the approved ARR and revenue at the existing rates for FY14, the gap in revenue for FY14 along with deficit of FY12 will be Rs.95.87 Crores.

#### **5.7 Average Cost of Supply:**

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

**TABLE – 5.33**

#### **Average Cost of Supply for FY14**

<b>Sl.No.</b>	<b>Particulars</b>	<b>Amount in Rs.Crs.</b>
1	Approved ARR for FY14	2099.63
2	Surplus for FY12	68.89
3	Net ARR for FY14 (1 - 2 above)	2030.74
4	Approved Energy sales in MU for FY14	4128.17
5	Average cost of supply in Rs. Per unit	4.92

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

## CHAPTER – 6

### DETERMINATION OF TARIFF FOR FY14

#### 6.0 MESCOM'S Proposal and Commission's Analysis for FY14:

#### 6.1 **Tariff Application**

As discussed in the preceding Chapters, MESCOM has projected an unmet gap in revenue of Rs.209.14 Crores for FY14. This includes the surplus in revenue of Rs.54.73 Crores for FY12. In order to bridge this gap in revenue, MESCOM, in its Tariff Application, has proposed a tariff increase of 70 paise per unit in respect of all the categories of consumers except BJ/KJ and irrigation pump sets consumers.

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

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

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

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

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

### **6.3 Consideration for Tariff setting:**

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

#### **a) Tariff philosophy:**

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

#### **b) Average cost of supply:**

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

#### **c) Differential Tariff:**

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

#### **6.4 Revenue at existing tariff and deficit for FY14:**

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

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

**TABLE – 6.1**  
**Revenue Deficit for FY14**  
**Amount Rs. in Crs.**

<b>Particulars</b>	<b>Amount</b>
Approved Net ARR for FY14 including surplus of FY12	2030.75
Revenue at existing tariff	1934.88
Surplus / deficit	(95.87)

As per the approved ARR for FY14, the average cost of supply to be recovered through tariff is Rs.4.92 per unit.

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

## 1. LT-1 Bhagya Jyothi

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

Sl. No	Details	Existing (As per 2012 tariff order)	Proposed by MESCOM
1	Energy charges (including recovery towards service main charges)	474 Paise / Unit Subject to a monthly minimum of Rs. 30 per installation per month.	Nil Fully subsidized by GoK

### Commission's Views/ Decision

The GoK, as a policy, has extended free power to all BJ/KJ consumers, whose consumption is not more than 18 units per month. Hence, the tariff payable by these consumers is the revised average cost, which is Rs. 4.92 per unit.

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

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



**LT – 1 Approved Tariff for BJ / KJ installations**

<b>Commission determined Tariff</b>	<b>Retail Supply Tariff determined by the Commission</b>
492Paise per unit, Subject to a monthly minimum of Rs. 30 per installation per month.	-Nil- Fully subsidized by GoK

**\*Since GOK is meeting the full cost of supply to BJ / KJ, the Tariff payable by these Consumers is shown as Nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs. 4.92per 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:**

**MESCOM's Proposal:**

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

**Proposed Tariff for LT-2 (a)**

**LT-2 a (i) Domestic Consumers Category**

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

<b>Details</b>	<b>Existing as per 2012 Tariff Order</b>	<b>Proposed by MESCOM</b>
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 ( <b>life line Consumption</b> )	0 to 30 units 230 paise/unit	0 to 30 units 300 paise /unit
Energy Charges	31 to 100 units 350 paise/unit	31 to 100 units 420 paise / unit

exceeding 30 Units per month	101 to 200 units 460 paise /unit	101 to 200 units 530 paise /unit
	Above 200 units 560 paise /unit	Above 200 units 630 paise /unit

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

**Applicable to Areas under Village Panchayats**

<b>Details</b>	<b>Existing as per 2012 Tariff Order</b>	<b>Proposed by MESCOM</b>
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 ( <b>life line Consumption</b> )	0 to 30 units 220 paise /unit	0 to 30 units 290 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units 320 paise / unit	31 to 100 units 390 paise / unit
	101 to 200 units 430 paise /unit	101 to 200 units 500 paise /unit
	Above 200 units 510 paise /unit	Above 200 units 580 paise /unit

**Commission's Views/ Decision**

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

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

The Commission approves the tariff for this category as follows:

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

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

<b>Details</b>	<b>Tariff approved by the Commission</b>
Fixed charges per Month	For the first KW Rs.25
	For every additional KW Rs.35

Energy Charges up to 30 Units per month (0-30 Units)- <b>life line consumption.</b>	Upto 30 units: 250 paise/unit
Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 370 paise/unit
	101 to 200 units: 485 paise/unit
	Above 200 units: 585 paise/unit

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

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW Rs.15
	For every additional KW Rs.25
Energy Charges up to 30 Units per month (0-30 Units)- <b>Lifeline Consumption</b>	Upto 30 units: 240 paise/unit
Energy Charges in case the Consumption exceeds 30 Units per month	31 to 100 units: 340 paise/unit
	101 to 200 units: 455 paise/unit
	Above 200 units: 535 paise/unit

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

#### MESCOM's Proposal:

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

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

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

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

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

#### Commission's Views/ Decision

Professional education and skill training institutions need to be supported in the use of machinery, equipment and tools to improve the quality of skills imparted. This in turn would have a positive impact on the socio economic conditions of the State. Therefore, in order to provide electricity at a reasonable rate to such installations, the Commission decides to retain the existing tariff to this category without any increase. Further,

considering the representations received for rationalising the tariff for hospitals and nursing homes, it is decided to include private hospitals with LT power supply in this tariff category with the following tariff:

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

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

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

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

**Applicable in Areas under Village Panchayats**

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

**4. LT3- Commercial Lighting & Heating**

**MESCOM's Proposal:**

The existing and proposed tariff is as follows:

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

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

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

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

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

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

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

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

**Commission's Views/ Decision**

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

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

**LT- 3 (i) 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. 40 per KW
Energy Charges	For the first 50 units: 645 paise/ unit
	For the balance units: 745 paise/unit

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

Details	Approved by the Commission
Fixed charges per Month	Rs. 55 per KW
Energy Charges	For the first 50 units: 645 paise /unit
	For the balance units: 745 paise/unit

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

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

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

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

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

**MESCOM Proposal:**

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

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

<b>Details</b>	<b>Existing as per 2012 Tariff Order</b>	<b>Proposed by MESCOM</b>
Fixed charges per Month	Nil	Free (In case GoK does not release the subsidy in advance, CDT of 316 paise per unit will be demanded and collected from consumers)
Energy charges	CDT 316 paise per unit	



### Commission's Views/ Decision

The Government of Karnataka has extended free supply of power to farmers as per Government Order EN 55 PSR 2008 dated 04.09.2008. As per this policy of GoK, the entire cost of supply to IP sets upto and inclusive of 10 HP is being borne by the GoK through tariff subsidy. In view of this all the categories under the existing LT-4a tariff are covered under free supply of power.

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

#### Approved CDT for IP Sets for FY14

Particulars	MESCOM
Approved ARR in Rs Crores	2030.74
Revenue from other than IP & BJ/KJ in Rs Crores	1646.04
Amount to be recovered from IP & BJ/KJ in Rs Crores	384.70
Approved Sales to BJ/KJ in MU	18.56
Revenue from BJ/KJ at Average Cost of supply in Rs Crores	9.13
Amount to be recovered from IP Sets category in Rs Crores	375.57
Approved Sale to IP Sets in MU	1117.77
<b>Commission Determined Tariff (CDT) for IP set Category for FY14 in Rs/Unit</b>	<b>3.36</b>

Accordingly, the Commission decides to approve tariff of Rs.3.36 per unit as CDT for FY14 for IP Set category under LT4(a). In case the GoK does not release the subsidy in advance, a tariff of Rs.3.36 per unit shall be demanded and collected from these consumers.

**Approved by the Commission**

**LT-4 (a) Irrigation pump sets**

**Applicable to IP sets upto and inclusive 10 HP**

<b>Details</b>	<b>Approved by the Commission</b>
Fixed charges per Month Energy charges	<b>Nil*</b>
CDT (Commission Determined Tariff): 336 paise per unit	

**\* In case the GoK does not release the subsidy in advance, a tariff of Rs.3.36 per unit shall be demanded and collected from these consumers.**

**LT4 (b) Irrigation pump sets above 10 HP:**

**MESCOM's Proposal**

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

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

<b>Details</b>	<b>Existing as per 2012 Tariff Order</b>	<b>Proposed by MESCOM</b>
Fixed charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy charges	150 paise per unit	220 paise per unit

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

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

<b>Details</b>	<b>Existing as per 2012 Tariff Order</b>	<b>Proposed by MESCOM</b>
Fixed charges per Month	Rs. 20 per HP	Rs. 20 per HP
Energy charges	150 paise per unit	220 paise per unit

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

<b>Details</b>	<b>Existing as per 2012 Tariff Order</b>	<b>Proposed by MESCOM</b>
Fixed charges per Month	Rs. 30 per HP	Rs. 30 per HP
Energy charges	150 paise per unit	220 paise per unit

**Approved Tariff:**

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

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

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

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

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

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

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

**6. LT5 Installations-LT Industries:**

## MESCOM's Proposal

The existing and proposed tariffs by MESCOM are given below:

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

#### i) Fixed charges

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

#### ii) Demand based Tariff (optional)

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

#### iii. Energy Charges

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

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

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

**ToD Tariff**

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

**Proposed TOD Tariff for LT5 : At the option of the consumer**

**ToD Tariff**

<b>Time of Day</b>	<b>Increase (+ )/ reduction (-) in energy charges over the normal tariff applicable</b>
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

**Approved Tariff:**

**Time of the Day Tariff:**

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

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

**Approved Tariff for LT 5 :**  
**Applicable to all the areas of MESCOM**

**i) Fixed charges**

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

**ii) Demand based Tariff (optional)**

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

**iii) Energy Charges**

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

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

**TOD Tariff**

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

## LT6 Water Supply Installations and Street Lights

### MESCOM's Proposal:

The existing and the proposed tariffs are given below:

#### LT-6(a) : Water Supply

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

#### LT-6 (b) : Public Lighting

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

### Commission's Views/ Decision:

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

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

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

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

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

## 8. LT 7- Temporary Installations:

### MESCOM's Proposal:

**The existing rate and the rate proposed by MESCOM are given below:  
Temporary Supply**

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

**Commission's Views/Decision**

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

Hitherto bus shelters with advertising boards, Private Advertising Posts / Sign boards in the interest of Public such as Police Canopy Direction boards, and other sign boards sponsored by the Private Advertising Agencies and bus shelters with advertising boards were billed under LT3 (a) (i) & (ii) categories. In this Order, the Commission decides to include these categories of consumers also under LT7 Category.

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



## TARIFF SCHEDULE LT-7

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

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

### 9. H.T. Categories:

#### Time of the Tariff (ToD)

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

### 10. HT1 Water Supply & Sewerage

#### MESCOM's Proposal:

#### The Existing and the Proposed tariff by MESCOM

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

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

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

**Proposed ToD Tariff to HT-1**

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

**Commission's Views/Decision:**

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

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

**Approved Tariff for HT 1**

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

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

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

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

**MESCOM's Proposal:**

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

**Applicable to all areas of MESCOM**

<b>Details</b>	<b>Existing tariff as per tariff order 2012</b>	<b>Proposed by MESCOM</b>
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	510 paise per unit	580 paise per unit
(iv) For the balance units	540 paise per unit	610 paise per unit

**Railway traction and Effluent Plants**

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

### Existing ToD Tariff to HT-2(a)

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

### Proposed ToD Tariff to HT-2(a)

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

### Commission's Views/Decision

#### Approved Tariff for HT – 2 (a)

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

#### Applicable to all areas of MESCOM

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

#### Railway Traction & Effluent Treatment Plants

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

### 12. HT-2 (b) HT Commercial

#### MESCOM's Proposal:

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

**Applicable to all areas of MESCOM**

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

**Commission's Views/Decision**

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

**Approved tariff for HT – 2 (b) - HT Commercial**

**Applicable to all areas of MESCOM**

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

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

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

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

#### Approved tariff for HT – 2 (c) (i)

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

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

#### Approved tariff for HT – 2 (c) (ii) -

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

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

#### Time of the Day Tariff:

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

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

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

**MESCOM's Proposal:**

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

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

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

**HT 3(a) (ii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies:  
Connected to Urban / Express feeders**

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

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

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

**Commission's Analysis & Decision:**

The approved Tariff is as follows:-

**Approved tariff for HT 3 (a) (i)**

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

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

**Approved tariff for HT 3 (a) (ii)**

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

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

**Approved tariff for HT 3 (a) (iii)**

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

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

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

**MESCOM's Proposal:**

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



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

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

**Commission's Views/Decision**

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

**Approved Tariff**

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

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

**14. HT4- Residential Apartments/ Colonies**

**MESCOM's Proposal:**

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

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

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

**Commission's Views/Decision**

The approved Tariff is as follows:-

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

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

**TARIFF SCHEDULE HT-5**

**MESCOM's Proposal:**

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

**HT – 5 – Temporary supply**

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

### **Commission's Views/Decisions:**

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

#### **TARIFF SCHEDULE HT-5**

Tariff applicable to 67 HP and above hoardings and advertisement boards and construction power for industries excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation, power projects and Konkan railway projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

#### **Approved Tariff for HT – 5 – Temporary supply**

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

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

### **6.5 Other Issues**

#### **1) Tariff for Green Power:**

In order to encourage generation and use of green power in the State, the Commission decides to slash the existing Green Tariff of Re.1.00 per unit to 50 paise per unit as the additional tariff over and above the normal tariff to be paid by HT-consumers, who opt for supply of Green power from

out of the renewable energy procured by distribution utilities over and above their Renewable Purchase Obligation (RPO).

## 6.6 Determination of wheeling charges

In the current filing, MESCOM has indicated wheeling charges at 26 paise per unit with a loss level of 4.27% at HT level and 61 paise per unit with a loss level of 6.92% at LT level.

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 MESCOM Area:

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

**TABLE – 6.2**  
**Wheeling Charges**

Distribution ARR-Rs. Crs	279.36
Sales-MU	4128
Wheeling charges- paise/unit	67.67
	<b>Paise/unit</b>
HT-network	20.30
LT-network	47.37

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

Loss allocation	% loss
HT	4.27
LT	6.92

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

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

paise/unit		
Injection point →	HT	LT
Drawal point ↓		
<b>HT</b>	20.00 [4.27%]	68.00 [11.19%]
<b>LT</b>	68.00 [11.19%]	48.00 [6.92%]

**Note: Figures in brackets are applicable loss**

The wheeling charges as determined above are applicable to all the open access/wheeling transactions for using the MESCOM network, except for energy wheeled from NCE sources to the consumers in the State.

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

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

- i. If only transmission network is used, transmission charges determined by the Commission shall be payable to the Transmission Licensee.
- ii. If the Transmission network and the ESCOMs' network are used, Transmission Charges shall be payable to the Transmission Licensee. Wheeling Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

**Illustration:**

If a transaction involves transmission network & MESCO's network and 100 units is injected, then at the drawal point the consumer is entitled for 85.31 units, after accounting for Transmission loss of 3.94% & MESCO loss of 11.19%.

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

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

**Illustration:**

If a transaction involves injection to BESCO's network & drawal at MESCO's network, and 100 units is injected, then at the drawal point the consumer is entitled for 88.81 units, after accounting MESCO's loss of 11.19%.

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

### **6.6.3 CHARGES FOR WHEELING ENERGY BY NCE SOURCE TO CONSUMERS IN THE STATE**

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

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

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

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

## **6.7 Other tariff related issues:**

### **i) Fuel Cost Adjustment Charge**

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

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

**ii) Cross subsidy surcharge:**

MESCOM has proposed a cross subsidy surcharge as indicated below:

Voltage Level	HT-1	HT-2a	HT-2b	HT-4
66 KV & above	5	151	257	72
HT level-11 KV/33KV	-	109	215	30

MESCOM has stated that it has adopted the methodology enunciated in the Open Access Regulations for determining the cross subsidy surcharge. The Commission in its MYT Regulations has specified the methodology for calculating the cross subsidy surcharge. Based on the above methodology, the category wise cross subsidy will be as indicated below:

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



paise/unit @ HT level							
--------------------------	--	--	--	--	--	--	--

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:

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

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

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

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

### **iii) Rebate for use of Solar Water Heater**

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

**iv) Prompt payment incentive**

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

**v) Relief to Sick Industries**

The Government of Karnataka has extended certain reliefs to sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. The Commission, in its Tariff Order 2002, has accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the Tariff Order 2003/2005. The Commission decides to continue the same subject to the collection of the amount of relief from the GoK in advance.

**vi) Power Factor**

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

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

HT Category: 0.90

**vii) Rounding off of KW / HP**

In the Tariff Order 2005, the Commission had approved rounding off of fractions of KW / HP to the nearest quarter KW / HP for the purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all the categories of LT installations including IP sets. This shall be followed accordingly. In the case of street light installations, fractions of KW shall be rounded off to the nearest quarter KW for the purpose of billing and the minimum billing shall be for a Quarter KW.

**viii) Interest on delayed payment of bills by consumers**

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

**ix) Security Deposit (3 MMD/ 2 MMD)**

The Commission had issued K.E.R.C. (Security Deposit) Regulations, 2007 on 01.10.2007 and the same has been notified in the official Gazette on 11.10.2007. The payment of security deposit shall be regulated accordingly, pending orders of the Hon'ble High Court in respect of WP 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 10<sup>th</sup> December 2012. As the tariff revision is effective from **1<sup>st</sup> May 2013** onwards, ESCOMs would be recovering revenue for the entire year.

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

## **6.9 Summary of Tariff Order 2013:**

- ❖ The Commission has approved an ARR of Rs.2030.74 Crores as against MESCOM's proposed ARR of Rs.2188.48 Crores.
- ❖ The revenue gap as worked out by the Commission is Rs. 95.87 Crores as against MESCOM estimated gap of Rs.209.14 Crores.
- ❖ The Commission has allowed an additional revenue of Rs.95.87 Crores on tariff Revision as against the proposed additional revenue of Rs. 209.14Crores.
- ❖ Approved increase in revenue is 5% against MESCOM's proposed increase of 11 %.
- ❖ MESCOM has proposed an increase of 70 paise for all categories of consumers other than BJ/KJ & IP Sets. The Commission has increased the tariff for IP Sets and domestic category upto first 100 units by 20 paise per unit and the average increase in tariff for other categories is at 24 paise per unit.
- ❖ Private Hospitals under existing LT3 tariff are recategorised under LT2(b) on par with private educational institutions. Further there is no change in the existing tariff for educational institutions under LT2(b) category.
- ❖ The Commission has not increased the tariff for LT and HT Water Supply installations both in urban and rural areas.
- ❖ Time of the day tariff which was made mandatory in the previous Tariff Order for installations under HT2 (a) and HT2(b) with contract demand of 500KVA and above is continued in this Order.

- ❖ The Commission has notified the Regulations for introduction of Fuel Cost Adjustment charge and the same will be effective from 1<sup>st</sup> July 2013.
- ❖ Green tariff has been reduced by 50 paise per unit. Consumers opting for green tariff have to Pay Re. 0.50/unit over and above the normal tariff as against the earlier rate of Re.1.00 / unit. Green Tariff was introduced in the previous tariff order for HT Industries & HT Commercial Consumers at their option, to promote purchase of renewable energy from ESCOMs.
- ❖ A new HT tariff category namely HT2(c) (i) is introduced for Government Hospitals, ESI Hospitals, Hospitals run by Charitable Institutions and Educational Institutions belonging to Government, Local Bodies and Aided Institutions. The new HT2(c) (ii) category will be applicable to all other hospitals and educational institutions not covered under HT2(c)(i).
- ❖ As in the previous Order, the Commission has continued to provide a separate fund for facilitating better Consumer Relations /Consumer Education Programs.
- ❖ The cap on short-term power is revised to Rs.4.50 per unit to meet shortfall in supply.

#### **6.10 Commission's Order**

- 1. In exercise of the powers conferred on the Commission under Sections 62, 64 and other provisions of the Electricity Act 2003, the Commission hereby determines and notifies the distribution and retail supply tariff of MESCOM for FY14 as stated in Chapter-6 of this Order.**
- 2. The tariff determined in this order shall come into effect for the electricity consumed from the first metering date falling on or after 1<sup>st</sup>May 2013.**
- 3. This order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bangalore this day, the 6<sup>th</sup>May 2013**

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

**Sd/-**  
**(Vishvanath Hiremath)**  
**Member**

**Sd/-**  
**(K.Srinivasa Rao)**  
**Member**

## **APPENDIX**

### **REVIEW OF COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION**

The Commission had in the earlier tariff orders and in various letters issued the following directives for compliance by MESCOM. Compliance of those directives as reported is outlined in this section.

The Commission has decided to review the action taken by MESCOM to comply with each of the directions by holding separate hearings/meetings for the purpose. This chapter therefore does not indicate the Commission's views/decisions on the compliance as reported by MESCOM of the Commission's directions. On conclusion of the Commission's review, appropriate orders will be issued by the Commission which will be recorded in the next APR/tariff order relating to MESCOM. The details of the review proceedings will also be published on the Commission's website.

#### **1 Directive on Demand Side Management and Energy Efficiency Measures**

MESCOM is directed to explore the possibility of introducing the following DSM and Energy Efficiency measures, which would result in reduction in peak demand.

- a) Making "Time of Day Tariff" compulsory for industrial consumers.
- b) Installing electronic "Timer Switches" for Streetlight installations for switching "on" and "off" at the required timings.

- c) Bifurcation of agricultural loads from the existing 11 KV feeders.
- d) Adopting HVDS which results in reduction of line losses and prevents theft of energy.
- e) To adopt "Bachat Lamp Yojana" that is being launched by the Bureau of Energy Efficiency.

MESCOM is directed to formulate a time bound action plan to implement the above Demand Side Management and Energy Efficiency measures and submit the same to the Commission.

### **Compliance by MESCOM**

#### **(a) Making "Time of Day Tariff" compulsory for industrial consumers**

In the Tariff Order dated April 30, 2012, the Hon'ble Commission has made ToD Tariff compulsory for HT-2a and HT-2b tariff categories with a CD of 500 kVA and above with effect from September 1<sup>st</sup> 2012.

As at the end of November 2012, 124 installations have been covered under the above fold, besides 57 installations having contract demand below 500 kVA have also opted for ToD tariff.

A post implementation analysis of ToD tariff is being sent separately to the Hon'ble Commission.

#### **(b) Installing electronic "Timer Switches" for Streetlight installations for switching "on" and "off" at the required timings**

It is submitted that the installation and maintenance of Street lights is the responsibility of local bodies. However, in the Tariff Order 2012 the Hon'ble Commission suggested that the ESCOMs, on behalf of the local bodies, may take action for installing Timer Switches to the Street Light installations



and recover the cost from them to save time in avoidance of wastage of energy.

As kindly directed by the Hon'ble Commission, the task of installation of Timer Switches to the Street lights will be discussed with the Authorities of local bodies.

**(c) Bifurcation of agricultural loads from the existing 11 KV feeders**

MESCOM has implemented RLMS to 147 feeders for arranging quality supply in scheduled time to rural IP Sets and arranging continuous supply to domestic, commercial and industrial loads in rural area. However, in order to ensure improved utilization of the installed systems, MESCOM is reviewing the performance and time staggering of the RLMS units.

Further, as ascertained from the field, out of 9427 RLM units provided in 147 feeders about 50% are working satisfactorily (as per MESCOM letter No 39193-207/ dated 16-01-2012 submitted to the Government based on the team inspection reports). The divisionwise details of RLM units are indicated in the table below:

<b>Division</b>	<b>No. of RLMS Feeders</b>	<b>No. of RLM units fixed</b>
Shimoga	29	1862
Sagar	10	819
Chikmagalore	15	853
Kadur	57	3777
Shakaripura	36	2116
<b>Total</b>	<b>147</b>	<b>9427</b>

The main reasons for non-functioning of RLM units are

- Un-scheduled load shedding and interruptions.
- Improper maintenance of RLM units since June 2011 which is leading to tampering of RLM units by the public.

It may be relevant to note that the RLMS was working satisfactorily from the time of commissioning till discontinuance of the maintenance contract. The following comparative figure of Kadur Division regarding failure of distribution transformers and consumption of irrigation pump sets in the corresponding period is given in the table below:

<b>Particulars</b>	<b>During the period from Dec-09 to May -11 (*)</b>	<b>During the period from June-11 to Nov--12 (**)</b>
DTC Failure Rate	20.86%	29.91%
Energy Input (MU)	514.34 MU	610.41 MU
Energy Sales of all installations except IP Sets (MU)	102.44 MU	114.64 MU
Specific Consumption (Kwh) {for Row (3) above}	852 units	874 units
Energy sales to IP Sets	275.08 MU	340.50 MU
Specific Consumption of IP sets (Kwh) {for Row (5) above}	9207 units	10502 units

**(\*) A period where RLMS was working satisfactorily.**

**(\*\*) A period after discontinuance of maintenance of RLMS units.**

As seen from the consumption pattern of the above division where extensive RLMS units were serviced, there is an increase in IP consumption of about 29% even though the increase in number of installations is 4%. The increase in the number of hours of power supply is evident from the increase in the input energy leading to increased consumption of IP Sets due to non-functioning / poor maintenance of RLMS units since June 2011.

With the above analysis, it may be concluded that IP consumption of the Company has increased.

The specific energy consumption of IP sets in Puttur, Bantwal, Kundapura and Udupi divisions has also increased due to increased availability. The

reduced ground water levels had also contributed to the increased energy usage by IP Sets.

It is to be noted that in the report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2011 (Commercial Report No.4), after inspection by the staff of CAG, has also certified successful working of the RLMS units. In fact, a comparison of failure of DTCs in the above table indicates that the failure rate has increased after maintenance of RLMS was discontinued.

During the validation meeting on January 8<sup>th</sup> 2013, the Hon'ble Commission has expressed that it may be reasonable now to go in for bifurcation of feeders in Chikmagalore and Kadur divisions instead of RLMS. Further, it is also to be stated that the Chief Engineer (Electricity), Mangalore Zone, explained that it would not be possible to get the RLMS units repaired now at this length of time. However, he has also stated that an attempt will be made to repair in certain cases to test this.

Therefore, as directed by the Hon'ble Commission, MESCOM will now explore all possibilities to bifurcate agricultural loads. However, since many NJY feeders are already commissioned in other ESCOMs, MESCOM will also study the results / experience of the respective ESCOMs.

**(d) Adopting HVDS which results in reduction of line losses and prevents theft of energy**

As per the discussions with the Hon'ble Commission in the validation meeting dated January 8<sup>th</sup> 2013, MESCOM has planned to select Kadur division for implementation of total HVDS. The distribution network of Kadurdivision includes about 860 numbers of 100 kVA distribution transformers and 80 numbers of exclusive rural feeders. The network also consists of 2873.95 km of HT line with a HT/LT ratio of 1:1.73. MESCOM will

take up a study of each rural feeder and action will be taken to prepare DPRs. Hon'ble Commission will be apprised of the CAPEX requirements.

Further, it is stated that MESCOM has planned for effective implementation of HVDS in a phased manner all over its jurisdiction. Initially, it has been contemplated to replace the existing 100 kVA Distribution Transformers to an extent of 300 in numbers in the Company. A three months target, i.e. from November 12 to January 13, is set for accomplishment of the task under the direct monitoring of Circle Superintending Engineers (Elect)

In this regard, a schedule has been communicated to each of the O&M divisions. As per the schedule each 100 kVA Distribution Transformer will be replaced by one 63 kVA and two additional 25 KVA distribution Transformers at the load centers duly ensuring the proper load balancing.

**(e) To adopt “Bachat Lamp Yojana” that is being launched by the Bureau of Energy Efficiency**

It is submitted that consequent to non-response by the vendors, the bid enquiry issued on 29th April 2011 has been cancelled.

However, it is to be submitted that the KREDL has taken up a similar kind of programme for which all the required support will be extended by MESCOM.

**2 Directive on Implementation of Intra State ABT**

KPTCL and ESCOMs have reported that they have commenced the process of setting up Area Load Despatch Centres to implement Intra State ABT as earlier directed. The Commission in its Tariff order had earlier directed that the work of establishing ALDCs in all the ESCOMs should be completed fully and Intra State ABT made operational by 31<sup>st</sup> August,

2010. Thereafter, progress achieved in this regard shall be reported to the Commission on fortnightly basis.

### **Compliance by MESCOM**

- Distribution Control Centre of MESCOM is commissioned on 22-09-2009.
- Facility of real time data viewing and breakers controlling is available up to 33 KV station level.
- In respect of 66KV and above stations, only real time data viewing facility is made available from Master Control Centre-1, which is under the control of KPTCL.

### **3 Directive on Taluk wise Feeders' Segregation**

ESCOMs shall furnish to the Commission the programme of implementing 11 KV taluk wise feeders' segregation with the following details:

- a) Number of 11 KV feeders considered for segregation.
- b) Month wise time schedule for completion of envisaged work.
- c) Improvement achieved in supply after segregation of feeders.

### **Compliance by MESCOM**

MESCOM in its letter dated 27-07-2010 had stated that in respect of implementation of RLMS for the remaining 15 number of 11 KV rural feeders, 11 numbers of feeders have been commissioned and 2 feeders would be commissioned by the end of July, 2010. It is further, submitted that the other 2 feeders have been omitted from the scope of the present scheme.

### **4 Directive on Metering at the Distribution Transformer Centres (DTCs)**

The Commission had earlier directed ESCOMs to complete installation of meters at the DTCs by 31<sup>st</sup> December, 2010. In this regard ESCOMs were required to furnish to the Commission the following information by 30-04-2010 and thereafter report 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 MESCOM

The progress of metering of DTCs as at the end of November 2012 is indicated as below:

Division	Total No. of DTCs as on 31-11-2012			No. of DTCs metered as on 31-11-2012			Balance No. of DTCs to be metered		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Mangalore-1	2304	636	2940	1773	6	1779	531	630	1161
Mangalore-2	1242	1453	2695	795	58	853	447	1395	1842
Puttur	682	2678	3360	99	77	176	583	2601	3184
Bantwal	212	3718	3930	75	40	115	137	3678	3815
Udupi	1313	3362	4675	669	144	813	644	3218	3862
Kundapura	110	1707	1817	35	52	87	75	1655	1730
Shimoga	1087	2919	4006	724	1143	1867	363	1776	2139
Bhadravathi	396	1315	1711	257	907	1164	139	408	547
Sagar	310	2528	2838	196	1117	1313	114	1411	1525
Shikaripura	222	3015	3237	123	2094	2217	99	921	1020
Chikmaglore	550	3619	4169	335	898	1233	215	2721	2936
Kadur	221	4416	4637	139	3809	3948	82	607	689
<b>Total</b>	<b>8649</b>	<b>31366</b>	<b>40015</b>	<b>5220</b>	<b>10345</b>	<b>15565</b>	<b>3429</b>	<b>21021</b>	<b>24450</b>

As can be seen from the above table, 24,450 numbers of DTC are yet to be metered which needs an investment of about Rs 100 crore. In FY14, MESCOM will take up metering of all the remaining urban DTCs for which action is being taken for preparation of DPRs. Further, action will be taken to entrust the reading and energy audit activities of the metered DTCs

and based on the analysis, reports will be submitted to the Hon'ble Commission, periodically.

## **5 Directive on Prevention of Electrical Accidents**

The Commission has reviewed the electrical accidents that have taken place in the State during the FY12 and with regret noted that as many as 353 people and 442 animals have died due to these accidents. From the analysis it is seen that major causes of these accidents are due to snapping of LT/HT lines, accidental contact with live LT/HT/EHT Lines, hanging live wires around the electric poles/transformers, etc, in the streets posing great danger to human lives.

Having considered the above matter, the Commission hereby directs all the ESCOMs/Hukkeri and RECS/KPTCL to prepare an action plan to effect improvements in the transmission and distribution networks and implement safety measures to prevent electrical accidents. Detailed Division wise action plans shall be submitted by MESCOM to the Commission within two months.

### **Compliance by MESCOM**

It is submitted that the System Improvement plan contemplated under the Capital Investment program has comprised measures for prevention of electrical accidents such as replacement of deteriorated age old conductors / poles, providing intermediate poles, tightening of loose spans, providing safety equipments to the maintenance staff, etc.

MESCOM has initiated action to provide High Voltage Detectors to the field staff, which is a safety device used to verify that the overhead line is not live

prior to earthing. It indicates the presence of High Voltage by audio annunciation as well as visual indication.

Special Line Testers have been provided to linemen in Chickmagalore and Shimoga divisions. Action is being taken to distribute these testers to other divisions also.

Further, as per the Hon'ble Commission's directives MESCOM has enhanced the compensation payable in the cases of human fatal accidents to Rs 2 lakh and for animal fatal accidents to Rs 5000/-.

## **6 Directive on HT / LT Ratio**

MESCOM is directed to take measures to achieve HT line: LT line ratio of 1:1 by adopting Niranthara Jyothi Yojana in rural areas and by converting LT lines into HT lines and providing additional DTCs in Urban areas in one taluk as a pilot project. By achieving 1:1 ratio, LT line losses will be reduced. MESCOM shall furnish time bound action plan to achieve this ratio in one taluk of the Company.

### **Compliance by MESCOM**

MESCOM has commissioned 3194, 2871, 2795, 2589 ,3383, 2917 and 2146 numbers of additional distribution transformers in FY-07, FY -08, FY -09, FY -10 , FY -11, FY -12 and FY -13 (up to November 12) respectively.

Consequently, there is marginal improvement in HT:LT ratio. Comparison of HT:LT ratio is given below:

<b>Year</b>	<b>Length of HT Lines (in CKms)</b>	<b>Length of LT Lines (in CKms)</b>	<b>HT : LT Ratio</b>
FY-08	21591	63095	1 : 2.92



FY-09	22693	64653	1 : 2.85
FY-10	23647	66084	1 : 2.79
FY-11	24912	68757	1 : 2.76
FY-12	25969	70673	1 : 2.72
FY13 (up to Nov-12)	26690	71462	1 : 2.67

As directed by the Hon'ble Commission, the HT/LT ratio will be further improved on total implementation of HVDS. However, it is to be submitted that the R-APDRP in the MESCOM jurisdiction is limited only to IT implementation and does not contain any system improvement plan as per the project guidelines.

In this connection MESCOM would like to add that, due to extensive electrification of the domestic sector drawing HT lines on a massive scale is required to be taken up to accomplish the task which would entail big capital investments as well as an established system to deal with public resistance against taking the overhead lines over private lands.

## **7 Directive on MIS and Computerization**

MESCOM shall improve its Management Information System (MIS) and provide more details and explain the basis for all the projections indicating the sources of data and the method of estimating the projected values in the next filing.

The Commission directs MESCOM to hasten the pace of action to achieve progress in computerization. MESCOM shall furnish the details of sanctioned load and slab wise consumption for the purpose of computation of fixed charges in the next ERC filing. MESCOM has to improve its database, and there shall be consistency in the data furnished to the Commission.

### **Compliance by MESCOM**

It is submitted that MESCOM has furnished the required data of sanctioned load and slab wise consumption in the filing for computation of fixed charges and revenue realization.

Further, consumer billing activities have already been computerized. However, due to change in the TRM agency in FY12, data synchronization issues have given rise to certain problems which are being addressed now on priority. Apart from billing activities, MESCOM is implementing an ERP software solution through M/s KEONICS, Bangalore, which is expected to result in speedy and less paper activity of the various processes.

## **8 Directive on Energy Audit**

The Commission had directed MESCOM, 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 MESCOM to conduct energy audit and chalk out an Action Plan to reduce distribution losses to a maximum of 15% wherever it was above this level in 5 towns/ cities having a population of over 50000.

### **Compliance by MESCOM**

As a part of the Company strategy to reduce technical /commercial losses, MESCOM is undertaking energy audit at division, feeder and DTC levels and selected cities / towns.

#### **a. Distribution losses are indicated as below:**

<b>Division</b>	<b>% Loss in FY11</b>	<b>% Loss in FY12</b>
Mangalore-1	7.68	8.47
Mangalore-2		
Puttur	15.10	10.28
Bantwal		13.09
Udupi	9.23	7.41
Kundapura		6.42
Shimoga	8.03	7.80

Bhadravathi		
Sagar	20.25	12.90
Shikaripura		19.59
Chikmagalore	11.47	16.84
Kadur	22.40	27.51
<b>Total</b>	<b>11.92</b>	<b>12.09</b>

- b. **City / Town energy audit:** As per the directions of the Hon'ble Commission, the distribution losses in respect of the selected 6 cities namely Mangalore, Udupi, Shimoga, Bhadravathi, Sagar and Chikmagalur are being continuously monitored. Out of these 6 cities, the loss levels in 5 cities are less than 10% and in Bhadravathi the recorded loss was 10.66%, respectively.

Position of distribution loss in the selected Cities / Towns in FY11 and FY12 are indicated as below:

Sl.No.	City/Town	FY11	FY12
1	Mangalore	6.71	5.90
2	Udupi	7.12	7.33
3	Shimoga	9.51	9.43
4	Bhadravathi	9.98	10.66
5	Sagar	10.53	5.60
6	Chickmagalore	10.13	9.96
7	Puttur	5.88	4.69
8	Bantwal	9.36	9.70
9	Shikaripura	10.39	8.17
10	Kadur	8.96	9.71
11	Tarikere	8.37	9.11
12	Belthangady	5.37	4.67
13	Sullia	6.90	4.16
14	Kundapura	7.89	6.21
15	Karkala	7.09	7.06
16	Soraba	11.01	7.99
17	Hosnagar	4.71	5.97
18	Thirthahalli	7.28	8.75
19	Mudigere	6.60	6.32
20	Koppa	5.47	5.21
21	Sringeri	5.44	5.57
22	NR Pura	5.51	6.79

- c. **Feeder wise energy audit:** MESCOM is monitoring 662 feeders. Feeder wise energy audit is being carried out to assess the distribution / AT&C loss.

Divisions	No. of 11 kV Feeders	No. of 11 kV Feeders Monitored	Loss < 10%	Loss 10 to 20%	Loss 20 to 30%	Loss >30%
Mangalore	115	115	79	35	1	-
Puttur	44	44	26	18	-	-
Bantwal	48	48	-	7	32	9
Udupi	74	74	40	32	2	-
Kundapura	30	30	18	9	2	1
Shimoga	104	103	47	35	14	7
Sagar	50	46	16	6	10	14
Shikaripura	57	52	3	18	30	1
Chikmagalore	62	61	8	29	19	5
Kadur	78	75	13	11	14	37
<b>Total</b>	<b>662</b>	<b>648</b>	<b>250</b>	<b>200</b>	<b>124</b>	<b>74</b>

As observed by the Hon'ble Commission the distribution loss levels in Kadur, Chikmagalore and Shikaripura Divisions are very high and MESCOM will initiate a focused action to tackle the distribution losses in these divisions.

As regards to the segregation of Technical and Commercial losses, MESCOM will engage a consultant for a study and report will be submitted to the Hon'ble Commission.

In the validation meeting held on January 8, 2013, MESCOM has brought to the kind notice of the Hon'ble Commission the errors in the distribution loss computation methodology adopted for the year FY-12. In this method, energy input at the interface point of a particular month had been compared with the quantum of billed energy recorded in the DCB of that particular month, which means to compare, for example, the energy recorded at the interface point during the period from "1st April to 30th April" with the DCB of "April" month itself. But the consumption reflected in the April DCB is nothing but the sale of energy pertaining to the month of March. Similarly, the comparison was carried out during FY-12. In addition to this, at the end of the year, an unbilled consumption of

47.63 MU had also been added to the energy sales figure taking prorated consumption of April-2012.

The practice which was being followed consistently prior to FY-12 was to compare the energy input at the interface point of a particular month with the quantum of billed energy recorded in the DCB of subsequent month. For example the energy recorded at the interface point during the period from "1st April to 30 April" was to compare with the DCB is nothing the sale of energy pertaining to the month of April. On a close review, Hon'ble Commission has also concurred that; this method of computation of distribution loss would be more realistic than the method adopted in FY12.

Accordingly, MESCOM will restore the methodology of computation of distribution loss which was in practice prior to FY12 as directed in the meeting dated 08-01-2013.

## **9 Directive on Assessment of IP sets' consumption**

The Commission had directed MESCOM to provide meters to DTCs predominantly feeding to IP sets at the rate of two to four DTCs per O&M section.

The Commission directs MESCOM to furnish the monthly data downloaded from 22 ETV meters that was hitherto being furnished by M/s TERI in addition to the monthly statement of assessment of IP consumption based on DTC metered sampling points that is being furnished.

Pending 100% metering of IP sets installations and reading of meters, MESCOM shall complete installation of meters to all DTCs which are predominantly feeding IP sets and put in place a mechanism to obtain

periodical meter readings of such meters and assess the IP set consumption.

## **Compliance by MESCOM**

MESCOM is considering taluk wise assessment of IP consumption and the details are furnished in the Annexure-1.

In line with the discussions with the Hon'ble Commission in the validation meeting dated January 8, 2012, MESCOM will chalk out an action plan for calibration/repairing of meters fixed to IP sets. Till the completion of this, MESCOM will continue the practice of assessing IP consumption considering the meter readings at the DTCs which are feeding predominantly to the IP Set duly considering LT line loss of 7% determined as per M/s TERI's study.

Statements showing the month wise taluk wise assessed IP consumption for the period from April-2012 to October -2012 is enclosed herewith.

## **10 Directive on Quality of Service**

The Commission has earlier commented on the poor quality of supply, particularly in rural areas. The Commission has directed MESCOM to take action to reduce interruptions by attending to periodical maintenance of lines and equipment, with particular reference to rural areas.

The Commission directs MESCOM to continue its efforts in improving the quality of supply, particularly in rural areas, where the quality of supply is very poor.



## **Compliance by MESCOM**

In spite of severe constraints like network deficiencies, manpower shortage and crunch in fund availability; MESCOM has continued its efforts to cater equated power supply to its consumers in urban and rural areas including IP sets.

As per the directions of the Hon'ble Commission, MESCOM is also furnishing periodical reliability indices data in the prescribed formats.

### **11 Directive on Reliability Index of supply of power to consumers**

As per Schedule – II of the KERC (Licensees' standards of performance) Regulations, 2004 the licensees are required to compute the following reliability indices

- a. Average number of interruptions in 11KV feeders
- b. Average duration of interruptions in 11KV feeders
- c. Average number of interruptions per consumer
- d. Average duration of interruptions per consumer.

At present, ESCOMs are furnishing the following monthly data on Benchmark parameters for both Urban and rural areas separately

- a. Average number of interruptions in 11KV feeders
- b. Average duration of interruptions in 11KV feeders

Clause 8 of the Distribution system planning and security standard of the Distribution Code in the Karnataka Electricity Grid Code- 2005 also

specifies computation of the Reliability Indices for planning of extension and improvements to a distribution system.

### Compliance by MESCOM

As per the directions of the Hon'ble Commission, MESCOM is furnishing periodical Reliability Indices data in the prescribed formats. The Reliability Indices for 11 KV feeders in district headquarters of MESCOM in March 11 ranges from 93.69% to 97.94% and the same for towns and cities for March 11 ranges from 91.86% to 99.85%. The reliability index of 11 KV feeders in rural areas of MESCOM in March-11 ranges from 84.29% to 98.07%.

The following comparative position of cumulative Reliability Indices indicates the improvement in quality of service by MESCOM.

Sl. No.	Particulars		Range of indices	
			FY-10	FY-11
1.	District Head Quarters	At feeder Level	94.27% to 98.10 %	95.96% to 97.64 %
		At consumer level	93.25% to 97.96 %	94.45% to 97.08 %
2.	Towns & Cities	At feeder Level	90.91% to 98.68 %	93.24% to 99.10 %
		At consumer level	89.05% to 97.59 %	87.99% to 98.13 %
3.	Rural Areas	At feeder Level	82.54% to 94.97 %	89.43% to 96.82 %
		At consumer level	79.90% to 93.85 %	88.33% to 95.93 %

## 12 Directive on Regularization of unauthorized IP sets

The Commission, in a number of letters, and in the earlier Tariff Orders directed MESCOM to regularize unauthorized IP sets (except those in the grey and dark areas), immediately without imposing any condition and to

bring them into books of Accounts and raise bills for the same immediately.

### **Compliance by MESCOM**

It is submitted that, as per the Government of Karnataka order No EN 09 PSR 2011 dated 11.03.2011, 26157 numbers of un-authorized IP sets were registered with MESCOM up to July 2012. Out of this, 21693 IP sets have been regularized as at the end of November 2012. Further, it is required to provide necessary infrastructure to 11264 numbers of regularized IP sets for which MESCOM has initiated for tendering process under partial turnkey basis.

## **13 Directive on Metering**

The Commission had in the earlier Tariff Orders directed MESCOM to provide meters to IP sets, BJ/KJ and street light installations. It was observed that, continuation of supply by MESCOM to these unmetered categories without meters from 10.06.2005 violates the provisions of Section 55 of the Electricity Act, 2003.

### **Compliance by MESCOM**

MESCOM has achieved 100% metering in Street light installations. Percentage of metering in these categories during FY12 and FY13 (up to November 12) is as follows:

<b>Category</b>	<b>Particulars</b>	<b>FY12</b>	<b>FY13 (upto Oct-12)</b>
BJ/KJ	No. of installations	176320	176410
	No. of metered installations	158144	158234
	% of metered installations	<b>89.69%</b>	<b>89.7%</b>
IP Sets	No. of installations	222656	233309
	No. of metered installations	206481	216211
	% of metered installations	<b>92.74%</b>	<b>92.67%</b>
Street light	No. of installations	15761	15945

	No. of metered installations	15761	15945
	% of metered installations	<b>100%</b>	<b>100%</b>

Regarding metering of IP Sets MESCOM is continuing its efforts to meter all IP installations in spite of resistance from the farmers.

#### **14 Directive on Segregation of distribution business and retail supply business**

MESCOM is directed to segregate accounts between Distribution business and Retail supply business by adopting a suitable methodology and implement the same from the next Financial Year.

#### **Compliance by MESCOM**

MESCOM has constituted an internal committee of officers at field level and corporate level to make the study of various activities to arrive at the cost apportionment formula.

Accordingly, based upon the Committee recommendations the apportionment formula among Distribution and Retail Supply business is as follows:

Particulars	As proposed by the committee (%)	
	Dist.	Retail
Payable to generators	0	100
Repairs & maintenance	73	27
Employee costs	38	62
A&G Expenses	37	63
Depreciation & related debits	78	22
Interest & finance charges	78	22
Other debits	0	100
Income tax	100	0
Prior period credits / charges	0	100
Gross fixed assets	78	22
Depreciation	78	22

Net fixed assets	78	22
CWIP	100	0

## 15 Directive on Lifeline supply to un-electrified Households

The Commission has directed ESCOMs to prepare a detailed and time bound action plan to provide electricity to all the un-electrified villages, Hamlets and Habitations in every Taluk and to every Household therein. The action plan was to spell out the details of additional requirement of power, infrastructure and man power along with shortest possible time frame (not exceeding three years) for achieving the target in every taluk and district.

### Compliance by MESCOM

MESCOM has contemplated intensive electrification of 587 villages, comprising 41,733 Rural Households, in Dakshina Kannada and Udupi districts under RGGVY programme with a total project cost of Rs 96.82 crore. In this regard LoA has been issued and work started.

MESCOM has also taken up electrification of 2 numbers of remote Hamlets namely Manmanahara and Doddahara in Hosur village of Kundapur Taluk through solar power. The project will be implemented at the cost of Rs 11.17 lakh. The project involves electrification of 21 numbers of street lights, 14 numbers of houses and 1 water pump. The project cost also includes maintenance of solar power system for 5 years. The project is under implementation stage.

Further, it is proposed for electrification of 24 remote villages/ Hamlets through DDG program under RGGVY. The electrification work will be executed by M/s KSTDCL or by MESCOM as per the requirement of Gol.

## **16 Directive on Power supply during night hours for villages**

It was directed to ensure at least 11 hours of single-phase power supply to the rural areas every day between 6 pm and 6 am with provision for one hour of load shedding, if required, to manage evening peak demand between 6 pm and 10 pm.

### **Compliance by MESCOM**

In this connection, it is to be submitted that MESCOM has catered 7 to 19 hours of 3 phase supply and 9 to 12 Hours of single phase supply to rural areas.

## **17 Directive on Reliability of electricity supply**

The Commission directs MESCOM to prepare and publish its weekly feeder/substation wise supply schedules. The Commission also directs that ESCOMs shall submit to the Commission, by the 10th of every month, a report Distribution Zone wise, on the number and duration of interruptions in supply during the previous month with reasons.

### **Compliance by MESCOM**

It is to be submitted that every effort has been made by MESCOM to maintain the power supply duly obeying the KERC directives.

## **18 Directive on Responsiveness to consumers**

The Commission directs to hold consumers interaction meetings in each O&M Sub-Division once in every two months according to a published schedule. Such meetings shall be attended by Superintending Engineers,

Divisional and Sub-Divisional Engineers. MESCOM shall submit a schedule of such meetings to the Commission.

### **Compliance by MESCOM**

Consumer interaction meetings at sub division level are being conducted regularly where Superintending Engineers (Ele) of O&M Circles are also attending. Necessary press notifications in this regard are also being issued well in advance for information of general public. In FY13, as at the end of October 2012, 54 JanasamparkaSabhas have been conducted at Sub-Divisional level.

## **19 Directive on conservation of energy in irrigation**

The Commission directs the MESCOM shall set up an efficient Irrigation Promotion Cell to promote drip/sprinkle irrigation system among farmers. These Cells shall co-ordinate with University of Agricultural Sciences and to various departments of Government to set up demonstration units of drip irrigation and conduct consumer education programme for the benefit of IP set consumers.

### **Compliance by MESCOM**

MESCOM has initiated action to take-up two pilot projects, one in Dakshina Kannada and one in Udupi district for the implementation of conservation of energy in irrigation.

MESCOM has selected two feeders, one Kabaka in Puttur division and another Manai in Udupi division, for pilot implementation of energy efficient pumps. Replacement of MNR and faulty meters of all installations under the feeder is under progress. Thereafter, process of providing the energy efficient pumps to all IP set installations in the feeders will be considered through PPA model. Further, as desired by the Hon'ble

Commission MESCOM will initiate action to speed up the process for replacement of inefficient pumps.

**20 Directive on reduction in Distribution Losses (Optimizing Transformer Capacities)**

It is the Commission's view that ESCOMs can reduce distribution losses to a significant level by taking up certain improvements in the existing distribution networks. The State Level Advisory Committee of the Commission has also discussed these issues on more than one occasion, and suggested specific measures which should be taken by ESCOMs to substantially reduce the distribution losses. Considering the obvious need for the ESCOMs in the State to launch a major drive in this regard, and after considering appropriate technical advice, the Commission directs the ESCOMs to take up the following measures.

**(i) Implementation of HVDS**

In view of the obvious benefits in the introduction of HVDS in reducing distribution losses, the Commission had directed MESCOM to implement High Voltage Distribution System in at least one O&M Division in a rural area in its jurisdiction.

**(ii) Demand Side Management in Agriculture**

In view of the urgent need for conserving energy for the benefit of the consumers in the State, the Commission had directed MESCOM to take up replacement of inefficient pumps with energy efficient pumps approved by the Bureau of Energy Efficiency, at least in one Sub-Division in its jurisdiction during the Financial Year 2012.

**(III) Optimizing Transformer Capacities**



The Commission had directed ESCOMs to undertake a systematic audit of transformer loads in each Sub-Division on a quarterly basis and ensure that transformers installed are of optimum capacity, keeping in view the load to be serviced. MESCOM was also directed to report the results of the audit to the Commission with effect from the last quarter of the calendar year 2011.

### **Compliance by MESCOM**

#### **(i) Implementation of HVDS**

MESCOM has planned for effective implementation of HVDS in a phased manner. Initially, it has been contemplated to replace the existing 100 kVA Distribution Transformers which are around 300 in numbers in the Company. A three months' target, i.e. from November 12 to January 13, is set for accomplishment of the task under the direct monitoring of Circle Superintending Engineers (Ele.).

A schedule has also been communicated to each of the O&M divisions. As per the schedule each 100 kVA Distribution Transformer will be replaced by one 63 kVA and two additional 25 kVA Distribution Transformers at the load centers duly ensuring the proper load balancing.

#### **(ii) Demand Management of Agriculture**

MESCOM has selected two feeders, one Kabaka in Puttur Division and another Manai in Uudpi division, for pilot implementation of energy efficient pumps. Replacement of MNR and faulty meters of all installations under the feeder is under progress. Thereafter, process of providing the

energy efficient pumps to all IP set installations in the feeders will be considered through PPA model.

### **(iii) Optimizing Transformer Capacities**

It is submitted that, the plan of action which has been put on task for effective implementation of HVDS, as stated above, also comprises of proper load balancing with all technicalities directing towards optimum utilization of transformer capacities.

## **21 Improving the quality and reach of service and adoption of a customer-oriented approach in business through;**

The quality of service provided by the ESCOMs is in need of urgent improvement to meet the expectations and needs of the consumers. The Commission has also noted that a large number of vacancies in the field staff of the ESCOMs and non-availability of materials on a timely basis are two important factors constraining the ESCOMs in providing quality service by undertaking maintenance of the distribution network and attending to the complaints of the consumers. The Commission views the matter seriously and directs the ESCOMs to take the following measures expeditiously:

### **(i) Recruitment of Field Staff**

The Commission had directed MESCOM to fill up at least 50 percent of the vacancies in the cadres of Junior Engineers, Linemen and Assistant Linemen during the Financial Year 2012. MESCOM was also directed to submit to the Commission a report on the action taken to fill up the vacancies as above in the specified time limit.

### **Compliance by MESCOM**

It is submitted that, the process of recruitment of 346 numbers of ALMs is in progress. Further, a request for recruitment of about 251 numbers of JEs / AEs / AAOs has been forwarded to the Government for approval.

## **(ii) Service Centers for improved Responsiveness**

MESCOM shall introduce the system of adequately equipped "Service Centers" at least in two rural Sub-Divisions during the current year and report the results of its operations along with details of additional expenditure to the Commission.

### **Compliance by MESCOM**

It is submitted that, all major towns / cities in MESCOM are having round the clock Service Stations with vehicle facility and others major load centers have been provided with 12 hours Service Station with vehicle facility.

## **(iii) Customer-Oriented Approach in Service**

MESCOM shall prepare a detailed training schedule for their Operational and Administrative staff, so that each field level functionary undergoes training at least once in a period of two years.

### **Compliance by MESCOM**

It is submitted that, MESCOM is imparting training to its field officers on regular basis. In FY12, MESCOM has imparted training to 1426 employees of various cadres.

## **22 Measures to improve financial viability**

### **(i) Recovery of Arrears of Receivables**

The arrears of receivables to the MESCOM from various consumers including the Local Bodies were to the tune of Rs 370.60 crore as on

31.3.2011. The Commission is of the view that the realization of these arrears is crucial to the financial viability of the ESCOMs. The Commission therefore had directed MESCOM to take up the recovery of these arrears with Government's assistance, so that at least 33 percent of the arrears outstanding as on 31.03.2011 are realised every year over the next three years.

### **Compliance by MESCOM**

It is to be submitted that, receivables as at the end of March 12 is Rs.406.70crore out of which recoverable amount is Rs.397.10 crore. The total recoverable amount includes an amount of Rs.184.42 crore relating to water supply and Street light installations.

#### **(ii) Sub-Divisions as Strategic Business Units**

The present organizational set up of ESCOMs at the field level appears to be mainly oriented to maintenance of power supply without a corresponding emphasis on realization of revenue. This has resulted in a serious mismatch between the power supplied, expenditure incurred and revenue realised in many cases. The continued viability of the ESCOMs urgently calls for a change of approach in this regard, so that the field level functionaries are made accountable for ensuring realization of revenues corresponding to the energy supplied in their jurisdiction.

The Commission had directed MESCOM to introduce the system of Cost-Revenue Centre Oriented Sub-Divisions at least in two Divisions in its operational area and report results of the experiment to the Commission.

### **Compliance by MESCOM**

It is submitted that, MESCOM has identified Puttur and Shimoga Divisions for introduction of Cost-Revenue Centre Oriented Sub-Divisions. The

modalities of bifurcation and drawing expenditures along the relevant account heads are in progress. Hon'ble Commission will be apprised of the results at the earliest.

**Annexure-1(a)**

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

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	445.12	0.06	2.87	0.25	7.55	0.02	0.23	10.65	0.24
LDPH-	22.35	0.07	0.15	0.25	0.40	0.02	0.01	0.56	0.25
KVP-	253.13	0.08	2.11	0.56	8.85	0.03	0.25	11.20	0.44
Supa	39.38	0.07	0.28	0.56	1.00	0.01	0.03	1.31	0.33
VVP-	65.47	0.18	1.15	0.79	5.52	0.00	0.00	6.67	1.02
Mani Dam Power House	2.10	0.21	0.04	0.79	0.22	0.00	0.00	0.26	1.23
Varahi 3&4	0.00	0.00	2.60	3.94	1.07	0.00	0.00	3.68	0.00
KPH	32.39	0.40	1.28	1.05	3.77	0.00	0.00	5.06	1.56
KDPH	29.85	0.30	0.91	0.88	2.81	0.00	0.00	3.72	1.25
GPH	46.66	0.34	1.57	1.01	3.81	0.15	0.13	5.52	1.18
GHEP	8.31	0.19	0.16	0.80	0.58	0.15	0.02	0.75	0.90
BEH	5.28	0.16	0.09	2.97	1.28	0.14	0.01	1.38	2.62
ADPH	45.24	1.03	4.65	1.19	2.91	0.14	0.29	7.85	1.73
MGHE	25.43	0.12	0.31	1.07	1.08	0.03	0.05	1.44	0.57
Shlvasamudra	26.25	0.14	0.38	0.76	1.15	0.05	0.06	1.58	0.60
Shimsha	4.86	0.27	0.13	0.76	0.47	0.00	0.00	0.60	1.24
MPH	8.44	0.07	0.06	0.62	0.34	0.03	0.01	0.41	0.48
<b>Total</b>	<b>1060.26</b>		<b>18.74</b>		<b>42.81</b>		<b>1.09</b>	<b>62.64</b>	<b>0.59</b>

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

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	754.71	0.67	50.28	3.24	244.35	294.63	3.90
KPCL-RTPS: 8	127.01	1.64	20.80	2.78	35.25	56.05	4.41
KPCL-BTPS: 1	277.07	1.09	30.32	2.01	55.60	85.92	3.10
KPCL-BTPS: 2	277.07	1.56	43.26	1.91	52.87	96.13	3.47
KPCL-DG-Plant	2.95	0.58	0.17	13.51	3.98	4.15	14.09
CGS-NTPC-Ramagundam: Stage-I & II	248.40	0.55	13.59	2.09	51.96	65.54	2.64
CGS-NTPC-Ramagundam: Stage-III	62.38	0.96	6.02	2.63	16.40	22.41	3.59
CGS-NTPC-Talcher: Stage-II	227.98	0.75	17.06	1.57	35.72	52.78	2.32
CGS-NTPC-Simhadri: Stage-II	125.07	1.72	21.51	2.21	27.62	49.13	3.93
CGS-NLC;TPS-II:Stage-I	75.76	0.34	2.55	2.03	15.41	17.96	2.37
CGS-NLC;TPS-II:Stage-II	113.50	0.33	3.73	2.03	23.05	26.77	2.36
CGS-NLC;TPS-I:Exp	61.80	1.27	7.86	1.89	11.69	19.55	3.16
CGS-NPCIL;MAPS	20.06	0.00	0.00	2.08	4.17	4.17	2.08
CGS-NPCIL;KAIGA-1&2	73.25	0.00	0.00	3.07	22.46	22.46	3.07
CGS-NPCIL;KAIGA-3&4	79.73	0.00	0.00	3.07	24.44	24.44	3.07
CGS-NTECL;STPS-Vallur-1	24.83	2.17	5.38	1.91	4.75	10.13	4.08
CGS-NTECL;STPS-Vallur-2	12.18	3.73	4.54	1.91	2.33	6.87	5.64
CGS-NTECL;STPS-Vallur-3	1.92	19.44	3.74	1.91	0.37	4.10	21.35
Tuticoran	2.92	25.38	7.40	1.91	0.56	7.96	27.29
Kudankulam (2x1000MW)	24.10	0.00	0.00	3.10	7.47	7.47	3.10
<b>Total</b>	<b>2592.69</b>		<b>238.21</b>		<b>640.45</b>	<b>878.62</b>	<b>3.39</b>
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	<b>501.33</b>		<b>70.79</b>		<b>136.60</b>	<b>207.39</b>	<b>4.14</b>

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



	<b>Approved Energy (MUs)</b>	<b>Total Cost of Energy (Rs Cr)</b>	<b>Per Unit Cost Of Energy (Rs per Unit)</b>
Mini HYdel	424.76	143.91	3.39
Wind Mill	282.64	100.32	3.55
Co-Gen	5.65	1.54	2.73
BioMass	0.00	0.00	0.00
KPCL Wind Mill	0.00	0.00	0.00
KPCL Solar	2.87	2.44	8.50
<b>Total</b>	<b>715.92</b>	<b>248.21</b>	<b>3.47</b>

**Annexure- 1 (b)**

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

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	570.88	0.06	3.68	0.25	9.68	0.02	0.29	13.66	0.24
LDPH-	28.67	0.07	0.19	0.25	0.51	0.02	0.02	0.72	0.25
KVP-	324.64	0.08	2.70	0.56	11.35	0.03	0.32	14.37	0.44
Supa	50.50	0.07	0.36	0.56	1.28	0.01	0.04	1.68	0.33
VVP-	83.97	0.18	1.48	0.79	7.08	0.15	-0.08	8.47	1.01
Mani Dam Power House	2.70	0.21	0.06	0.79	0.28	0.15	-0.01	0.32	1.19
Varahi 3&4	0.00	0.00	3.34	3.94	1.38	0.00	0.00	4.72	0.00
KPH	41.54	0.40	1.65	1.05	4.84	0.00	0.00	6.48	1.56
KDPH	38.28	0.30	1.17	0.88	3.60	0.00	0.00	4.77	1.25
GPH	59.85	0.34	2.02	1.01	4.89	0.15	0.17	7.07	1.18
GHEP	10.66	0.19	0.20	0.80	0.74	0.15	0.02	0.96	0.90
BEH	6.77	0.16	0.11	2.97	1.64	0.14	0.02	1.77	2.62
ADPH	58.03	1.03	5.96	1.19	3.73	0.14	0.37	10.07	1.73
MGHE	32.62	0.12	0.39	1.07	1.39	0.03	0.06	1.84	0.57
Shlvasamudra	33.66	0.14	0.49	0.76	1.47	0.05	0.07	2.03	0.60
Shimsha	6.23	0.27	0.17	0.76	0.60	0.15	-0.03	0.75	1.20
MPH	10.82	0.07	0.07	0.62	0.44	0.03	0.01	0.52	0.48
<b>Total</b>	<b>1359.82</b>		<b>24.04</b>		<b>54.90</b>		<b>1.27</b>	<b>80.20</b>	<b>0.59</b>

**II. Approved Energy and its costs from Thermal Power Stations for ARR of MESCOM FOR FY-15**

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	754.71	0.68	51.66	3.30	248.85	300.51	3.98
KPCL-RTPS: 8	127.01	1.59	20.21	2.83	35.90	56.11	4.42
KPCL-	277.07	0.98	27.03	2.04	56.62	83.66	3.02
KPCL-BTPS:	277.07	1.45	40.22	1.94	53.84	94.06	3.39
YARAMARUS-1	61.23	4.67	28.58	2.55	15.62	44.20	7.22
CGS-NTPC-Ramagundam: Stage-I & II	236.27	0.57	13.46	2.13	50.33	63.79	2.70
CGS-NTPC-Ramagundam: Stage-III	59.34	0.97	5.78	2.68	15.88	21.66	3.65
CGS-NTPC-Talcher: Stage-II	219.29	0.68	14.99	1.60	34.99	49.98	2.28
CGS-NTPC-Simhadri: Stage-II	118.60	1.92	22.83	2.25	26.67	49.50	4.17
CGS-NLC;TPS-II:Stage-I	72.29	0.37	2.65	2.07	14.97	17.62	2.44
CGS-NLC;TPS-II:Stage-II	108.30	0.36	3.93	2.07	22.40	26.32	2.43
CGS-NLC;TPS-I:Exp	58.97	1.32	7.79	1.93	11.36	19.14	3.25
CGS-NPCIL;MAPS	19.14	0.00	0.00	2.12	4.05	4.05	2.12
CGS-NPCIL;KAIGA-1&2	69.90	0.00	0.00	3.12	21.82	21.82	3.12
CGS-NPCIL;KAIGA-3&4	76.08	0.00	0.00	3.12	23.75	23.75	3.12
CGS-NTECL;STPS-Vallur-	23.70	2.25	5.33	1.95	4.61	9.94	4.20
CGS-NTECL;STPS-Vallur-	23.70	2.02	4.80	1.95	4.61	9.41	3.97
CGS-NTECL;STPS-Vallur-	23.70	1.82	4.32	1.95	4.61	8.93	3.77
Tuticoran (2x500MW)	35.41	2.25	7.96	1.95	6.90	14.86	4.20
Kudankulam	70.72	0.00	0.00	3.16	22.33	22.33	3.16
<b>Total</b>	<b>2712.50</b>		<b>261.54</b>		<b>680.11</b>	<b>941.64</b>	<b>3.47</b>
UPCL-Unit-1 & 2 (Provisional charges subject to the final orders from CERC)	<b>233.55</b>		<b>32.98</b>		<b>64.81</b>	<b>97.79</b>	<b>4.19</b>

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

	<b>Approved Energy (MUs)</b>	<b>Total Cost of Energy (Rs Cr)</b>	<b>Per Unit Cost Of Energy (Rs per Unit)</b>
Mini HYdel	529.72	182.67	3.448426
Wind Mill	303.33	107.97	3.55949
Co-Gen	5.65	1.62	2.867257
BioMass	0	0	0
KPCL Wind Mill	24.81	11.49	4.631197
KPCL Solar	11.65	9.9	8.497854
<b>Total</b>	<b>875.16</b>	<b>313.65</b>	<b>3.58</b>

**Annexure- 1 (c)**

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

Name of the Generating Station	Approved Energy in MUs	Per Unit Capacity Charges (Rs/Kwh)	Capacity Charges (Rs Cr)	Per Unit primary Charges (Rs/Kwh)	Primary Charges (Rs Cr)	Per Unit Secondary Charges (Rs/Kwh)	Secondary Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
SVP-	562.53	0.06	3.62	0.26	9.98	0.02	0.29	13.89	0.25
LDPH-	28.25	0.07	0.19	0.26	0.53	0.02	0.02	0.73	0.26
KVP-	319.90	0.08	2.64	0.59	11.72	0.03	0.31	14.67	0.46
Supa	49.76	0.07	0.35	0.59	1.32	0.01	0.04	1.71	0.34
VVP-	82.75	0.18	1.45	0.83	7.29	0.15	-0.08	8.66	1.05
Mani Dam Power House	2.66	0.21	0.05	0.83	0.29	0.15	-0.01	0.33	1.23
Varahi 3&4	0.00	0.00	3.29	3.94	1.36	0.00	0.00	4.65	0.00
KPH	40.93	0.40	1.62	1.09	4.92	0.00	0.00	6.54	1.60
KDPH	37.72	0.30	1.15	0.91	3.67	0.00	0.00	4.82	1.28
GPH	58.97	0.34	1.99	1.04	4.94	0.15	0.17	7.10	1.20
GHEP	10.51	0.19	0.20	0.83	0.76	0.15	0.02	0.97	0.93
BEH	6.67	0.16	0.11	3.14	1.71	0.14	0.02	1.84	2.75
ADPH	57.18	0.83	4.74	1.21	3.73	0.14	0.37	8.84	1.55
MGHE	32.14	0.12	0.39	1.07	1.37	0.03	0.06	1.82	0.57
Shlvasamudra	33.17	0.14	0.48	0.76	1.45	0.05	0.07	2.00	0.60
Shimsha	6.14	0.27	0.17	0.76	0.59	0.15	-0.03	0.74	1.20
MPH	10.66	0.07	0.07	0.62	0.43	0.03	0.01	0.52	0.48
<b>Total</b>	<b>1339.94</b>		<b>22.51</b>		<b>56.06</b>		<b>1.26</b>	<b>79.83</b>	<b>0.60</b>

**II. Approved Energy and its costs from Thermal Power Stations for ARR of MESCOM  
FOR  
FY-16**

Name of the Generating Station	Approved Energy in MUs	Per Unit Fixed Charges (Rs/Kwh)	Fixed Charges (Rs Cr)	Per Unit Energy Charges (Rs/Kwh)	Energy Charges (Rs Cr)	Total Cost of Energy (Rs Cr)	Per Unit Cost of Energy (Rs/Kwh)
KPCL-RTPS: 1 to 7	712.18	0.69	49.13	3.36	239.16	288.29	4.05
KPCL-RTPS: 8	119.85	1.55	18.54	2.88	34.50	53.05	4.43
KPCL-BTPS:1	261.46	0.93	24.37	2.08	54.42	78.79	3.01
KPCL-BTPS: 2	261.46	1.40	36.53	1.98	51.74	88.28	3.38
YARAMARUS-1 & 2	510.16	3.11	158.80	2.60	132.53	291.33	5.71
Bidadi CCPP	140.43	3.72	52.23	8.30	116.57	168.80	12.02
CGS-NTPC-Ramagundam: Stage-I & II	236.27	0.57	13.46	2.17	51.26	64.71	2.74
CGS-NTPC-Ramagundam: Stage-III	59.34	0.97	5.78	2.73	16.18	21.95	3.70
CGS-NTPC-Talcher: Stage-II	219.29	0.68	14.99	1.63	35.63	50.63	2.31
CGS-NTPC-Simhadri: Stage-II	118.60	1.92	22.83	2.29	27.16	49.99	4.22
CGS-NLC;TPS-II:Stage-I	72.29	0.37	2.65	2.11	15.25	17.90	2.48
CGS-NLC;TPS-II:Stage-II	108.30	0.36	3.93	2.11	22.81	26.74	2.47
CGS-NLC;TPS-I:Exp	58.97	1.32	7.79	1.96	11.57	19.35	3.28
CGS-NPCIL;MAPS	19.14	0.00	0.00	2.15	4.12	4.12	2.15
CGS-NPCIL;KAIGA-1&2	69.90	0.00	0.00	3.18	22.22	22.22	3.18
CGS-NPCIL;KAIGA-3&4	76.08	0.00	0.00	3.18	24.19	24.19	3.18
CGS-NTECL;STPS-Vallur-1	23.70	2.25	5.33	1.98	4.70	10.03	4.23
CGS-NTECL;STPS-Vallur-2	23.70	2.02	4.80	1.98	4.70	9.49	4.01
CGS-NTECL;STPS-Vallur-3	23.70	1.82	4.32	1.98	4.70	9.02	3.80
Tuticoran (2x500MW)	35.41	2.25	7.96	1.98	7.02	14.99	4.23
Kudankulam	70.72	0.00	0.00	3.22	22.74	22.74	3.22
<b>Total</b>	<b>3220.95</b>		<b>433.44</b>		<b>903.17</b>	<b>1336.61</b>	<b>4.15</b>

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

	<b>Approved Energy (MUs)</b>	<b>Total Cost of Energy (Rs Cr)</b>	<b>Per Unit Cost Of Energy (Rs per Unit)</b>
Mini HYdel	612.07	215.14	3.514957
Wind Mill	307.95	109.85	3.567138
Co-Gen	5.65	1.62	2.867257
BioMass	0	0	0
KPCL Wind Mill	24.81	11.49	4.631197
KPCL Solar	11.65	9.9	8.497854
<b>Total</b>	<b>962.13</b>	<b>348.00</b>	<b>3.62</b>

## Annexe- II

## PROPOSED AND APPROVED REVENUE FOR FY-14 OF MESCOM

Sl No	Category	Description	Proposed by MESCOM		Approved as per RST	
			Sales-MU	Revenue Rs. crores	Sales-MU	Revenue Rs. crores
1	LT-1[fully subsidised by GoK]*	Bhagya Jyothi/Kutir Jyothi	28.64	13.58	18.56	9.13
2	LT-2(a)(i)	Dom. / AEH - Applicable to City Municipal Corporations areas and all area under Urban Local Bodies.	643.74	265.78	653.26	283.10
3	LT-2(a)(ii)	Dom. / AEH - Applicable to areas under Village Panchayats	578.94	191.97	587.84	207.84
4	LT-2(b)(i)	Pvt. Educational Institutions Applicable to all areas of Local Bodies including City Corporations	6.41	4.41	6.64	4.54
5	LT-2(b)(ii)	Pvt. Educational Institutions Applicable to areas under Village Panchayats	4.03	2.50	4.03	2.51
6	LT-3(i)	Commercial - Applicable in areas under all ULBs including City Corporations.	222.82	165.13	218.82	167.73
7	LT-3(ii)	Commercial - Applicable to areas under Village Panchayats	121.76	83.22	118.70	84.10
8	LT-4(a)*	IP<=10HP	1224.27	386.87	1117.77	375.57
9	LT-4(b)	IP>10HP	2.29	0.52	2.14	0.53
10	LT-4 (c) (i)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of 10 HP & below	2.71	0.75	2.62	0.80
11	LT-4 (c) (ii)	Pvt. Nurseries, Coffee & Tea Plantations of sanctioned load of above 10 HP	4.22	1.35	4.22	1.46
12	LT-5	LT Industrial	150.70	85.14	147.23	87.47
13	LT-6	Water supply	107.41	37.72	103.94	36.64
14	LT-6	Public lighting	63.58	28.09	57.41	26.95
15	LT-7	Temporary supply	20.15	24.97	20.15	25.58
		<b>LT - TOTAL</b>	<b>3181.67</b>	<b>1292.00</b>	<b>3063.33</b>	<b>1313.95</b>
					<b>Page - 193</b>	
					<b>Annexe- II</b>	
					<b>- Contd.</b>	
1	HT-1	Water supply & sewerage	91.18	38.90	98.65	41.74
2	HT-2(a)	Industrial -	671.54	409.81	658.67	421.51
3	HT-2(b)	Commercial	257.53	191.12	257.27	197.96
4	HT-3(a)(i)	Lift Irrigation - Applicable to lift irrigation schemes under Govt Dept, / Govt. owned Corporations	12.99	2.44	12.99	1.95



5	HT-3(a)(ii)	Lift Irrigation - Applicable to Private lift irrigation schemes Lift Irrigaton societies on urban/express feeders	0.00	0.00	0.00	0.00
6	HT-3(a)(iii)	LI schemes other than those covered under HT 3(a)(ii)	0.00	0.00	0.00	0.00
7	HT - 3b	Irrigation & Agriculture Farms, Govt. Horticultural Farms, Pvt. Horticulture Nurseries, Coffee, Tea, Cocanut & Arecanut Plantations	0.23	0.12	0.23	0.07
8	HT-4	Residential Apartments -Colonies	23.02	11.76	21.56	11.50
10	HT-5	Temporary supply	2.44	2.09	2.44	2.16
		KPC	13.03		13.03	
		<b>HT - TOTAL</b>	<b>1071.96</b>	<b>656.24</b>	<b>1064.84</b>	<b>676.89</b>
		<b>TOTAL</b>	<b>4253.63</b>	<b>1948.24</b>	<b>4128.17</b>	<b>1990.84</b>
		Misc. Revenue		31.10	13.03	39.90
		<b>Grand Total</b>	<b>4253.63</b>	<b>1979.34</b>	<b>4128.17</b>	<b>2030.74</b>

\* These categories are subsidised by GoK. In case subsidy is not released by the Gok in advance, ESCOM shall raise demand & collect CDT of Rs. 4.92 unit by BJ/KJ & Rs3.36/unit from IP set Consumers.

**ANNEX - III**

**ELECTRICITY TARIFF - 2014**

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

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

**Mangalore  
Electricity Supply Company Ltd.,**

## **ELECTRICITY TARIFF-2014**

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

1. **Supply of power is subject to execution of agreement by the Consumer in the prescribed form, payment of prescribed deposits and compliance of terms and conditions as stipulated in the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and Regulations issued under Electricity Act 2003 at the time of supply and continuation of power supply is subject to compliance of the said Conditions of Supply / Regulations as amended from time to time.**
2. **The tariffs are applicable to only single point of supply unless otherwise approved by the Licensee.**
3. **The Licensee does not bind himself to energize any installation, unless the Consumer guarantees the minimum charges. The minimum charge is the power supply charges in accordance with the tariff in force from time to time. This shall be payable by the Consumer until power supply agreement is terminated, irrespective of the installation being in service or under disconnection.**
4. **The tariffs in the schedule are applicable to power supply within the Karnataka State.**
5. **The tariffs are subject to levy of Tax and Surcharges thereon as may be decided by the State Government from time to time.**
6. For the purpose of these tariffs, the following conversion table would be used:  
1 HP=0.746 KW. 1HP=0.878 KVA.
7. The bill amount will be rounded off to the nearest Rupee, i.e., the bill amount of 50 Paise and above will be rounded off to the next higher Rupee and the amount less than 50 Paise will be ignored.
8. Use of power for temporary illumination in the premises already having permanent power supply for marriages, exhibitions in hotels, sales promotions etc., is limited to sanctioned load at the applicable permanent power supply tariff rates. Temporary tariff rates will be applicable in case the load exceeds sanctioned load as per the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

9. No LT power supply will be given where the requisitioned load is 50 KW/67 HP and above. This condition does not apply for installations serviced under clause 3.1.1 of K.E.R.C. (Recovery of Expenditure for supply of Electricity) Regulations, 2004 and its amendments from time to time. The applicant is however at liberty to avail HT supply for lesser loads. The minimum contract demand for HT supply shall be 25 KVA or as amended from time to time by the Licensee with the approval of KERC.
10. The Consumer shall not resell electricity purchased from the Licensee to a third party except -
- (a) Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy,
- (b) Under special contract permitting the Consumer for resale of energy in accordance with the provisions of the contract.
11. Non-receipt of the bill by the Consumer is not a valid reason for non-payment. The Consumer shall notify the office of issue of the bill if the same is not received within 7 days from the meter reading date. Otherwise, it will be deemed that the bills have reached the Consumer in due time.
12. The Licensee will levy the following charges for non-realization of each Cheque
- |   |   |   |
|---|---|---|
| 1 | Cheque amount upto Rs. 10,000/-                       | 5% of the amount subject to a minimum of Rs.100/-   |
| 2 | Cheque amount of Rs. 10,001/- and upto Rs. 1,00,000/- | 3% of the amount subject to a minimum of Rs.500/-   |
| 3 | Cheque amount above Rs. 1 Lakh:                       | 2% of the amount subject to a minimum of Rs.3,000/- |
13. In respect of power supply charges paid by the Consumer through money order, Cheque /DD sent by post, receipt will be drawn and the Consumer has to collect the same.
14. In case of any belated payment, simple interest at the rate of 1 % per month will be levied on the actual No. of days of delay subject to a minimum of Re.1/- for LT installation and Rs.100/- for HT installation. No interest is however levied for arrears of Rs.10/- and less.
15. All LT Consumers, except Bhagya Jyothi and Kutir Jyothi Consumers, shall provide current limiter/Circuit Breakers of capacity prescribed by the Licensee depending upon the sanctioned load.
16. All payments made by the Consumer will be adjusted in the following order of priority: -

- (a) Interest on arrears of Electricity Tax
- (b) Arrears of Electricity Tax
- (c) Arrears of Interest on Electricity charges
- (d) Arrears of Electricity charges
- (e) Current month's dues

17. For the purpose of billing,
- (i) the higher of the rated load or sanctioned load in respect of LT installations which are not provided with Electronic Tri-Vector meter.
  - (ii) sanctioned load or MD recorded, which ever is higher, in respect of installations provided with Electronic Tri-Vector meter.
- will be considered.
- Penalty and other clauses shall apply if sanctioned load is exceeded.
18. The bill amount shall be paid within 15 days from the date of presentation of the bill failing which the interest becomes payable.
19. For individual installations, more than one meter shall not be provided under the same tariff. Wherever two or more meters are existing for individual installation, the sum of the consumption recorded by the meters shall be taken for billing, till they are merged.
20. In case of multiple connections in a building, all the meters shall be provided at one easily accessible place in the ground floor / cellar floor.
21. **Reconnection charges:** The following reconnection charges shall be levied incase of disconnection and included in the monthly bill.

For reconnection of:

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

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

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

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

#### **24. Seasonal Industries**

Applicable to all Seasonal Industries.

- i) The industries that intend to avail this benefit shall have Electronic Tri-Vector Meter fitted to their installations.
  - ii) 'Working season' months and 'off-season' months shall be determined by an order issued by the Executive Engineer of the concerned O&M Division of the Licensee as per the request of the Consumer and will continue from year to year unless otherwise altered. The Consumer shall give a clear one month's notice in case he intends to change his 'working season'.
  - iii) The Maximum Demand/consumption during any month of the declared off-season shall not be more than 50% of the contract demand/average consumption of the previous working season.
  - iv) The 'Working season' months and 'off-season' months shall be full-calendar months. If the power availed during a month exceeds the allotment for the 'off-season' month, it shall be taken for calculating the billing demand as if the month is the 'working season' month.
  - v) The Consumer can avail the facility of 'off-season' up to six months in a calendar year not exceeding in two spells in that year. During the 'off-season' period, the Consumer may use power for administrative offices etc., and for overhauling and repairing plant and machinery.
- 25 Whether an institution availing Power supply can be considered as charitable or not will be decided by the Licensee on the production of certificate Form-12 A from the Income Tax department.

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

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

would continue as existing earlier. Details of ToD tariff are indicated under the respective tariff category.

**27. SICK INDUSTRIES:** The Government of Karnataka has extended certain reliefs to sick industries under the New Industrial Policy 2001-06 vide G.O.No.CI 167 SPI 2001, dated 30.06.2001. The Commission, in its Tariff Order 2002 has accorded approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the Tariff Order 2003. The Commission approves continuation of the implementation of reliefs to sick industries by the Licensees subject to collection of the amount of relief from the GOK in advance.

**28. Incentive for Prompt Payment / Advance Payment:** An incentive at the rate of 0.25% of such bill shall be given to the following Consumers by way of adjustment in the subsequent month's bill:

- (i) In all cases of payment through ECS.
- (ii) And in the case of monthly bills exceeding Rs.1, 00,000/- (Rs. one lakh), if the payment is made 10 days in advance of the due date.
- (iii) Advance Payment exceeding Rs.1000/- made by the Consumers towards monthly bills

29. Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and amendments issued thereon from time to time and Regulations issued under Electricity Act 2003 will prevail over the extract given in this tariff book in the event of any discrepancy.

**30. Self-Reading of Meters:**

The Commission has approved Self-Reading of Meters by Consumers and issue of bills by the Licensee based on such readings and the Licensee shall take the reading at least once in six months and reconcile the difference, if any and raise the bills accordingly. This procedure may be implemented by the Licensee as stipulated under Section 26.01 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

---0---

## **ELECTRICITY TARIFF—2014**

### **PART-1**

#### **HIGH TENSION SUPPLY**

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



# ELECTRICITY TARIFF - 2014

## PART-1

### HIGH TENSION SUPPLY

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

#### CONDITIONS APPLICABLE TO BILLING OF HT INSTALLATIONS:

1. **Billing Demand**
  - A) The billing demand during unrestricted period shall be the maximum demand recorded during the month or 75% of the CD, whichever is higher.
  - B) When the Licensee has imposed demand cut of 25% or less, the conditions stipulated in (A) shall apply.
  - C) When the demand cut is in excess of 25%, the billing demand shall be the maximum demand recorded or 75% of the restricted demand, whichever is higher.
  - D) If at any time the maximum demand recorded exceeds the CD, or the demand entitlement, or opted demand entitlement during the period of restrictions, if any, the Consumer shall pay for the quantum of excess demand at two times the normal rate per KVA per month as deterrent charges as per Section No. 126(6) of Electricity Act 2003. If time of day Meter is fixed and is operational, there will be no penalty for over drawal upto 1. 2 times the Contract Demand during off peak hours, provided, the Licensee has declared the peak and off peak periods. For over drawal during peak periods, and over drawal above 1.2 times the Contract Demand during off peak hours, the penalty shall be two times the normal rate.
  - E) During the periods of disconnection, the billing demand shall be 75% of CD, or 75% of the demand entitlement that would have been applicable, had the installation been in service, whichever is less. This provision is applicable only, if the installation is under disconnection for the entire billing month.
  - F) During the period of energy cut, the Consumer may get his demand entitlement lowered, but not below the percentage of energy entitlement, ( For example, In case the energy entitlement is 40% and the demand entitlement is 80%, the re-fixation of demand

entitlement cannot be lower than 40% of the CD). The benefit of lower demand entitlement will be given effect to from the meter reading date of the same month, if the option is exercised on or before 15<sup>th</sup> of the month. If the option is exercised on or after 16<sup>th</sup> of the month, the benefit will be given effect to from the next meter reading date. The Consumer shall register such option by paying processing fee of Rs.100/- at the Jurisdictional sub-division office.

- (i) The billing demand in such cases, shall be the "Revised (Opted) Demand Entitlement" or, the recorded demand, whichever is higher. Such option for reduction of demand entitlement, is allowed only once during the entire span of that particular "Energy Cut Period". The Consumer, can however opt for a higher demand entitlement up to the level permissible under the demand cut notification, and the benefit will be given effect to from the next meter reading date. Once the Consumer opts for enhancement of demand, which has been reduced under Clause (F), no further revision is permitted during that particular energy cut period.
  - (ii) The opted reduced demand entitlement will automatically cease to be effective, when the energy cut is revised. The facility for reduction and enhancement can however be exercised afresh by the Consumer as indicated in the previous paras.
- G) For the purpose of billing, the billing demand of 0.5 KVA and above will be rounded off to the next higher KVA, and billing demand of less than 0.5 KVA shall be ignored.

## 2. **Power factor (PF)**

It shall be the responsibility of the HT Consumer to determine the capacity of PF correction apparatus and maintain an average PF of not less than 0.90.

- (i) The specified P.F. is 0.90. If the power factor goes below 0.90 Lag, a surcharge of 3 Paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.90 Lag.
- (ii) The power factor when computed as the ratio of KWh / KVAh will be determined up to 3 decimals (ignoring figures in the other decimal places), and then rounded off to the nearest second decimal as illustrated below:
  - (a) 0.8949 to be rounded off to 0.89
  - (b) 0.8951 to be rounded off to 0.90

In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes. If the same is not available, the ratio of KWh to KVAh consumed in the billing month shall be considered.

3. **Rebate for supply at high voltage:**

If the Consumer is availing power at voltage higher than 13.2 KV, he will be entitled to a rebate as indicated below:

**Supply Voltage: Rebate**

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

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

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

**The above rebate is not applicable for Railway Traction.**

- 4. In respect of Residential Quarters/ Colonies availing Bulk power supply by tapping the main HT supply, the energy consumed by such Colony loads, metered at single point, shall be billed under HT-4 tariff schedule. No reduction in demand recorded in the main HT meter will be allowed.
- 5. Energy supplied may be utilized for all purposes associated with the working of the installations, such as, Office, Stores, Canteens, Yard Lighting, Water Supply and Advertisements within the premises.
- 6. Energy can also be used for construction, modification and expansion purposes within the premises.
- 7. Power supply under HT-4 tariff schedule may be used for Commercial and other purposes **inside the colony**, for installations such as Canteen, Club, Shop, Auditorium etc., provided, this load is less than 10% of the CD.
- 8. In respect of **Residential Apartments** availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule, (Only Energy charges) duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to that of the predominant Consumer category.
- 9. **Seasonal Industries**
  - a. The industries, which intend to utilize seasonal industry benefit, shall conform to the conditionalities under Para no. 25 of the General terms and conditions of tariff (applicable to both HT & LT).

- b. The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to the installation.
- c. Monthly charges during the working season shall be the demand charges on 75% of the contract demand or the recorded maximum demand during the month, whichever is higher, plus the energy charges
- d. Monthly charges during the off season, shall be demand charges on the maximum demand recorded during the month, or 50% of the CD which ever is higher plus the energy charges.

**TARIFF SCHEDULE HT 1**

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

**RATE SCHEDULE**

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

**TOD Tariff at the option of the Consumer**

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

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

**TARIFF SCHEDULE HT-2(a)**

Applicable to Industries, Factories, Workshops, Research & Development Centres, Industrial Estates, Milk dairies, Rice Mills, Phova Mills, Roller Flour Mills, News Papers, Printing Press, Railway Workshops/KSRTC Workshops/ Depots, Crematoriums, Cold Storage, Ice & Ice-cream mfg. Units, Swimming Pools of local bodies, Water Supply Installations of KIADB and other industries, all Defence Establishments. Hatcheries, Poultry Farm, Museum, floriculture, Green House, Bio Technical Laboratory, Hybrid Seeds processing Units, Stone Crushers, Stone cutting, Bakery Product Manufacturing Units, Mysore Palace illumination, Film Studios, Dubbing Theatres, Processing, Printing, Developing and Recording Theaters, Tissue Culture, Aqua Culture, Prawn Culture, Information Technology Industries engaged in development of Hardware & Software as certified by the IT & BT Department of GOK/GOI, Drug Mfg. Units, Garment Mfg. Units, Tyre retreading units, Nuclear Power Projects, Stadiums maintained by Government and local bodies, also Railway Traction, Effluent treatment plants and Drainage water treatment plants owned other than by the local bodies, LPG bottling plants, petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of

ore metals, Saw Mills, Toy/wood industries, Satellite communication centers, and Mineral water processing plants / drinking water bottling plants.

**RATE SCHEDULE**

**HT-2(a): Applicable to all areas of MESCOM.**

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

**TARIFF SCHEDULE HT-2(b)**

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

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

**RATE SCHEDULE**

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

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

**TARIFF SCHEDULE HT-2(c)**

**RATE SCHEDULE**

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

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

**RATE SCHEDULE**

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

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

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

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

**TOD Tariff applicable to HT 2(a),HT2(b) and HT2(c) category.**

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

**TARIFF SCHEDULE HT-3 (a)**

Applicable to Lift irrigation Schemes/ Lift irrigation societies,

**RATE SCHEDULE**

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

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

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

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

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

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

**TARIFF SCHEDULE HT-3 (b)**

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

**RATE SCHEDULE**

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

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

**TARIFF SCHEDULE HT-4**

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

**RATE SCHEDULE**

**Applicable to all areas**

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

- NOTE:**
- (1) In respect of residential colonies availing power supply by tapping the main H.T. supply, the energy consumed by such colony loads metered at a single point, is to be billed at the above energy rate. No reduction in the recorded demand of the main H.T. supply is allowed.
  - (2) Energy under this tariff may be used for commercial and other purposes inside the colonies for installations such as, Canteens, Clubs,

Shops, Auditorium etc., provided, this commercial load is less than 10% of the Contract demand.

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

#### **TARIFF SCHEDULE HT-5**

Tariff applicable to 67 HP and above hoardings and advertisement boards and construction power for industries excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation, power projects and Konkan Railway Projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

#### **HT – 5 – Temporary supply RATE SCHEDULE**

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

**Note:**

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

-----



**ELECTRICITY TARIFF-2014**

**PART-II**

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

**ELECTRICITY TARIFF - 2014**

**PART-II**

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

**CONDITIONS APPLICABLE TO BILLING OF LT INSTALLATIONS:**

1. In case of LT Industrial / commercial Consumers, **Demand based Tariff** at the option of the Consumer, can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load, or Maximum Demand recorded in the Tri-Vector Meter during the month, whichever ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.
2. Use of power within the Consumer premises for bonafide temporary purpose is permitted subject to the conditions that, total load of the installation on the system does not exceed the sanctioned load.
3. Where it is intended to use power supply temporarily, for floor polishing and such other portable equipments, in a premises having permanent power supply, such equipments shall be provided with earth leakage circuit breakers of adequate capacity.
4. The laboratory installations in educational institutions are allowed to install connected machineries up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.
5. Besides combined lighting and heating, electricity supply under tariff schedules LT2 (a) & LT2 (b), can be used for Fans, Televisions, Radios, Refrigerators and other household appliances, including domestic water pumps and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air-conditioner load, the Consumer shall be served with a notice to merge this load and to have a single meter for the entire load. Till such time, the air conditioner load will be billed under Commercial Tariff.

#### 6. Bulk LT supply

- If power supply for lighting / combined lighting & heating {LT 2(a)}, is availed through a bulk Meter for group of houses belonging to one Consumer, (ie, Where bulk LT supply is availed), the billing for energy shall be done at the slab rate for energy charges matching the consumption obtained by dividing the bulk consumption by number of houses. In addition, fixed charges for the entire sanctioned load shall be charged as per Tariff schedule.
7. A rebate of 25 Paise per unit will be given for the House/ School/Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres under Tariff schedule LT 2(a).
  8. **SOLAR REBATE:** A rebate of 50 Paise per unit of electricity consumed subject to a maximum of Rs. 50/- per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Ltr. per household.
  9. A rebate of 20% on fixed charges and energy charges will be allowed in the monthly bill in respect of public Telephone booths having STD/ISD/ FAX facility run by handicapped people, under Tariff schedule LT 3.
  10. A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.

#### 11. Power Factor (PF):

Capacitors of appropriate capacity shall be installed in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, in case of installations covered under Tariff category LT 3, LT4, LT 5, & LT 6, where motive power is involved.

- (i) The specified P.F. is 0.85. If the PF is found to be less than 0.85 Lag, a surcharge of 2 Paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.85 Lag. In respect of LT installations, however, this is subject to a maximum surcharge of 30 Paise per unit.
  - (ii) The power factor when computed as the ratio of KWh/KVAh will be determined up to 3 decimals (ignoring figures in the other decimal places) and then rounded off to the nearest second decimal as illustrated below:
    - (a) 0.8449 to be rounded off to 0.84
    - (b) 0.8451 to be rounded off to 0.85
  - (iii) In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes.
  - (iv) During inspection, if the capacity of capacitors provided is found to be less than what is stipulated in Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, a surcharge of 30 Paise/unit will be levied in the case of installations covered under Tariff categories LT 3, LT 5, & LT 6 where motive power is involved.
  - (v) In the case of installations without electronic Tri-vector meters even after providing capacitors as recommended in Clause 23.01 and 23.03 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, if during any periodical or other testing / rating of the installation by the Licensee, the PF of the installation is found to be lesser than 0.85, a surcharge determined as above shall be levied from the billing month following the expiry of Three months' notice given by the Licensee, till such time, the additional capacitors are installed and informed to the Licensee in writing by the Consumer. This is also applicable for LT installations provided with electronic Tri-vector meters.
12. All new IP set applicants shall fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka before taking service.
13. All the existing IP set Consumers shall also fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, failing which, PF **surcharge at the rate of Rs.60/-per HP/ year** shall be levied. If the capacitors are found to be removed / not installed, a penalty at the same rate as above (Rs. 60/-per HP / Year) shall be levied.
14. The Semi-permanent cinemas having Semi-permanent structure, with permanent wiring and licence of not less than one year, will be billed under commercial tariff schedule i.e., LT 3.
15. Touring cinemas having an outfit comprising cinema apparatus and accessories, taken from place to place for exhibition of cinematography

films, and also outdoor shooting units, will be billed under Temporary Tariff schedule i.e., LT 7.

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

17. The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.
18. The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, etc., with the approval of the Licensee. The energy used for such operation, shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. However, if the energy used both for IP Set and alternate operation is measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month as per the IP sample meter readings for the sub division, as certified by the sub divisional Officer.
19. The IP Consumer is permitted to use energy for lighting the pump house and well limited to two lighting points of 40 Watts each.
20. Billing shall be made at least once in a quarter year for all IP sets.
21. In case of welding transformers, the connected load shall be taken as:
  - a) Half the maximum capacity in KVA as per the nameplate specified under IS: 1851
  - OR
  - b) Half the maximum capacity in KVA as recorded during the rating by the Licensee, whichever is higher.
22. Electricity under Tariff LT 3 / LT 5 can also be used for Lighting, Heating and Air-conditioning, Yard-Lighting, water supply in the premises of Commercial / Industrial Units respectively.
23. Fluorescent fittings shall be provided by the Licensee for the Streetlights in the case of villages covered under the Licensee's electrification programme for initial installation.

**In all other cases, the entire cost of fittings including Brackets, Clamps, etc., and labour for replacement, additions and modifications shall be met by the organizations making such a request. Labour charges shall be paid at the standard rates fixed by the Licensee for each type of fitting.**

24. Lamps, fittings and replacements for defective components of fittings shall be supplied by the concerned Village Panchayaths, Town Panchayaths or Municipalities for replacement.
25. Fraction of KW / HP shall be rounded off to the nearest quarter KW / HP for purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all categories of LT installations including I.P. sets. **In the case of street lighting installations, fraction of KW shall be rounded off to nearest quarter KW for the purpose of billing and the minimum billing shall be quarter KW.**

### 26. Seasonal Industries.

- a) The industries who intend to utilize seasonal industry benefit, shall comply with the conditionalities under Para no. 25 of the General terms and conditions of tariff (applicable to both HT & LT).
- b) The industries that intend to avail this benefit, shall have Electronic Tri-Vector Meter fitted to their installation.
- c) Monthly charges during the seasonal months shall be fixed charges and energy charges. The monthly charges during the off seasonal months, shall be the energy charges plus 50% of the fixed charges.

### TARIFF SCHEDULE LT-1

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

#### **RATE SCHEDULE**

<b>Energy charges</b> (including recovery towards service main charges)	Nil* Fully subsidized by the GOK
--	-------------------------------------

Commission Determined Tariff for the above category i.e., LT-1 is Rs.4.92 per unit.

**\*Since GOK is meeting the full cost of supply to BJ / KJ, the Tariff payable by these Consumers is shown as Nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.4.92 paise per unit subject to monthly minimum of Rs. 30/- per Installation per month shall be demanded and collected from these Consumers.**

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

### TARIFF SCHEDULE LT-2(a)

Applicable to **lighting/combined lighting, heating and motive Power** installations of residential houses and also to such houses where a portion is used by the occupant for (a) Handloom weaving (b) Silk rearing and reeling and artisans using motors up to 200 watts (c) Consultancy in (i) Engineering (ii) Architecture (iii) Medicine (iv) Astrology (v) Legal matters (vi) Income tax (vii) Chartered Accountants (d) Job typing (e) Tailoring (f) Post Office (g) Gold smithy

(h) Chawki rearing (i) Paying guests/Home stay guests (j) personal Computers (k) Dhobis (l) Hand operated printing press (m) Beauty Parlours (n) Water Supply installations, Lift which is independently serviced for bonafide use of residential complexes/residence, (o) Farm Houses and yard lighting limiting to 120 Watts.

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

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

#### **RATE SCHEDULE**

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

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

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

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

#### **TARIFF SCHEDULE LT-2(b)**

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

#### **RATE SCHEDULE**

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

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

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

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

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

- 1 A rebate of 25 Ps. Per unit shall be given for installation of a house/ School/ Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres run by Charitable Institutions.
- 2 (a) Use of power within the Consumer's premises for temporary purposes for bonafide use is permitted subject to the condition that, the total load of the installation on the system does not exceed the sanctioned load.  
(b) Where it is intended to use floor polishing and such other portable equipment temporarily, in the premises having permanent supply, such equipment shall be provided with an earth leakage circuit breaker of adequate capacity.
- 3 The laboratory installations in educational institutions are allowed to install connected machinery up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.
4. Besides lighting and heating, Electricity supply under this schedule can be used for fans, Televisions, Radios, Refrigerators and other house-hold appliances including domestic water pump and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air conditioner Load, the consumption shall be under commercial tariff till it is merged with the main meter.
5. **SOLAR REBATE:** A rebate of 50 Paise per unit of electricity consumed to a maximum of Rs.50/- per installation per month will be allowed to Tariff schedule LT 2(a), if solar water heaters are installed and used. Where Bulk Solar Water Heater System is installed, Solar Water Heater rebate shall be allowed to each of the individual installations, provided that, the capacity of Solar Water Heater in such apartment / group housing shall be a minimum capacity of 100 Ltr, per household.

**TARIFF SCHEDULE LT-3**

Applicable to **Commercial Lighting, Heating and Motive Power** installations of Clinics, Diagnostic Centers, X Ray units, Shops, Stores, Hotels/Restaurants/Boarding and Lodging Homes, Bars, Private guest Houses, Mess, Clubs, KalyanMantaps / Choultry, permanent Cinemas/ Semi Permanent Cinemas, Theatres, Petrol Bunks, Petrol, Diesel and oil Storage Plants, Service Stations/ Garages, Banks, Telephone Exchanges. T.V.Stations, Microwave Stations, All India Radio, Dish Antenna, Public Telephone Booths/ STD, ISD, FAX Communication Centers, Stud Farms, Race Course, Ice Cream Parlours,



Computer Centres, Photo Studio / colour Laboratory, Xerox Copiers, Railway Installation excepting Railway workshop, KSRTC Bus Stations excepting Workshop, All offices, Police Stations, Commercial Complexes, Lifts of Commercial Complexes, Battery Charging units, Tyre Vulcanizing Centres, Post Offices, Bakery shops, Tailoring Shops, Beauty Parlours, Stadiums other than those maintained by Govt. and Local Bodies. It is also applicable to water supply pumps and street lights not covered under LT 6, Cyber cafés, Internet surfing cafés, Call centers, Information Technology (IT) enabled services, I.T. based medical transcription centers, **Private Hostels not covered under LT -2 (a), Paying guests accommodation provided in an independent / exclusive premises.**

**RATE SCHEDULE**

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

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

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

**RATE SCHEDULE**

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

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

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

- Note:**
- Besides Lighting, Heating and Motive power, Electricity supply under this Tariff can also be used for Yard lighting/ air Conditioning/water supply in the premises.
  - The semi permanent Cinemas should have semi Permanent Structure with permanent wiring and licence for a duration of not less than one year.
  - Touring Cinemas having an outfit comprising Cinema apparatus and accessories taken from place to place for exhibition of



cinematography film and also outdoor shooting units shall be billed under LT- 7 Tariff.

4. A rebate of 20% on fixed charges and energy charges shall be allowed in the monthly bill in respect of telephone Booths having STD / ISD/FAX facility run **by handicapped people.**

**5.Demand based Tariff at the option of the Consumer can be adopted as per Para 1 of the conditions applicable to LT installations.**

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

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

**TARIFF SCHEDULE LT-4 (a)**  
**Applicable to I.P. Sets Up to and inclusive of 10 HP**  
**RATE SCHEDULE**

Fixed charges	Free
Energy charges	

Commission Determined Tariff (CDT) for LT4 (a) category is 336 Paise per unit. In case the GOK does not release the subsidy in advance in the manner specified by the Commission in K.E.R.C. (Manner of Payment of subsidy) Regulations, 2008, CDT of 336 Paise per unit shall be demanded and collected from these Consumers.

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

**TARIFF SCHEDULE LT-4 (b):**  
**Applicable to IP sets above 10 HP**  
**RATE SCHEDULE**

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

**TARIFF SCHEDULE LT-4 (c) (i):**  
**Applicable to Private Horticultural Nurseries, Coffee, Tea and Rubber plantations of sanctioned load up to and inclusive of 10 HP.**

**RATE SCHEDULE**

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

**TARIFF SCHEDULE LT-4 (c)(ii):**  
**Applicable to Private Horticultural Nurseries, Coffee , Tea and Rubber plantations of sanctioned load above 10 HP.**

**RATE SCHEDULE**

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

**Note:**

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

- 2) The motor of IP set installations **can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, etc.**, with the approval of the Licensee. The energy used for such operation shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. If the energy used both for IP Set and alternate operation, is however measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month as per the IP sample meter readings for the sub division as certified by the sub divisional Officer.
- 3) The Consumer is permitted to use the energy for lighting the pump house and well limited to 2 lighting points of 40 W each.
- 4) The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.
- 5) Billing shall be made at least once in a quarter year for all IP sets.
- 6) A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.
- 7) Only fixed charges as in Tariff Schedule for Metered IP Set Installations shall be collected during the disconnection period of IP Sets under LT 4(a), LT 4(b) and LT 4(c) categories irrespective of whether the IP Sets are provided with Meters or not.

#### **TARIFF SCHEDULE LT-5**

Applicable to **Heating & Motive power (including lighting)** installations of industrial Units, Workshops, Poultry Farms, Sugarcane Crushers, Coffee Pulping, Cardamom drying, Mushroom raising installations, Flour, Huller & Rice Mills, Wet Grinders, Milk dairies, Dry Cleaners and Laundries having washing, Drying, Ironing etc., Bulk Ice Cream and Ice manufacturing Units, Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery Product Mfg. Units, KSRTC workshops/Depots, Railway workshops, Drug manufacturing units and Testing laboratories, Printing Presses, Garment manufacturing units, Bulk Milk vending Booths, Swimming Pools

of local Bodies, Tyre retreading units, Stone crushers, Stone cutting, Chilly Grinders, Phova Mills, pulverizing Mills, Decorticators, Iron & Red-Oxide crushing units, crematoriums, hatcheries, Tissue culture, Saw Mills, Toy/wood industries, Viswa Sheds with mixed load sanctioned under Viswa Scheme, Cinematic activities such as Processing, Printing, Developing, Recording theatres, Dubbing Theatres and film studios, Agarbathi manufacturing unit., Water supply installations of KIADB & industrial units, Gem & Diamond cutting Units, Floriculture, Green House, Biotech Labs., Hybrid seed processing units. Information Technology industries engaged in development of hardware & Software as certified by the IT & BT Department of GOK/GOI, Silk filature units, Aqua Culture, Prawn Culture, Brick manufacturing units, Silk / Cotton colour dying, Stadiums maintained by Govt. and local bodies, Fire service stations, Gold / Silver ornament manufacturing units, Effluent treatment plants, Drainage water treatment plants, LPG bottling plants and petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of ore metals, Satellite communication centers, Mineral water processing plants / drinking water bottling plants and soda fountain units.

### RATE SCHEDULE

#### LT 5 Applicable to all the areas of MESCOM

**i. Fixed charges**

Fixed charges	i) Rs. 25 per HP for 5 HP & below ii) Rs. 30 per HP for above 5 HP & below 40 HP iii) Rs. 35 per HP for 40 HP & above but below 67 HP iv) Rs. 100 per HP for 67 HP & above
---------------	---

**ii. Demand based Tariff (optional)**

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

**iii. Energy Charges**

0 to 500 units	425 Ps/unit
501 to 1000 units	495 Ps/unit
Above 1000 units	525 Ps/unit

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

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

**NOTE:**

**1. DEMAND BASED TARIFF**

In the case of LT Industrial Consumers, **Demand based Tariff** at the option of the Consumer can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load or Maximum Demand recorded in the Tri-Vector Meter during the month which ever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.

- 2. Seasonal Industries:** The industries which intend to utilize seasonal industry benefit shall comply with the conditionalities under para no. 26 of general terms and conditions applicable to LT.
- 3.** Electricity can also be used for lighting, heating, and air-conditioning in the premises.
- 4.** In the case of welding transformers, the connected load shall be taken as (a) Half the maximum capacity in KVA as per the name plate specified under-IS1851 or (b) Half the maximum capacity in KVA as recorded during rating by the Licensee, whichever is higher.

### **TARIFF SCHEDULE LT-6**

Applicable to water supply and sewerage pumping installations **and also** **Applicable to Public Street lights/Park lights** of village Panchayat, Town Panchayat, Town Municipalities, City Municipalities / Corporations / State and Central Govt. / APMC, Traffic signals, subways, water fountains of local bodies. Also applicable to Streetlights of residential Campus of universities, other educational institutions, housing colonies approved by local bodies/development authority, religious institutions, organizations run on charitable basis, industrial area / estate and notified areas, also Applicable to water supply installations in residential Layouts, Street lights along with signal lights and associated load of the gateman hut provided at the Railway level crossing.

#### **RATE SCHEDULE**

<b>Water Supply- LT-6 (a)</b>	
Fixed charges	Rs. 35/HP/month
Energy charges	320 Ps/unit
<b>Public lighting- LT-6 (b)</b>	
Fixed charges	Rs. 50/KW/month
Energy charges	445 Ps/unit

### **TARIFF SCHEDULE LT-7**

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

#### **RATE SCHEDULE**

<b>Less than 67 HP:</b>	Energy charge at 850 Ps/unit, subject to a weekly minimum of Rs. 160 per KW of the sanctioned load.
-------------------------	---

#### **Note:**

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

- O -