

CHAPTER-6

DETERMINATION OF RETAIL SUPPLY TARIFF FOR FY24

6.0 Revision of Retail Supply Tariff for FY24-HESCOM's Proposals and Commission's Decisions:

6.1 Tariff Application:

HESCOM, in its tariff application, has projected the revised ARR of Rs. 12100.00 Crores with an unmet gap in revenue of Rs.1904.93 for FY24, which also includes the revenue deficit of Rs.1723.48 Crores for FY22. In order to bridge this gap in revenue, HESCOM has proposed to increase both the fixed and energy charges with an average tariff increase of 148 paise per unit, in respect of all the categories of consumers.

In the previous chapters of this Order, the revision of ARR consequent on Annual Performance Review (APR) for FY22 and the approval of revised ARR for FY24, has been discussed. The revision of retail supply tariff for FY24 is discussed in this Chapter.

6.2 Statutory Provisions guiding determination of Tariff:

In terms of Section 61 of the Electricity Act, 2003, the Commission is guided inter-alia, by the National Electricity Policy, the Tariff Policy and the following factors, while, determining the tariff so that:

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

As per Section 62(5) of the Electricity Act, 2003, read with Section 27(1) of the Karnataka Electricity Reform Act, 1999, the Commission is empowered to specify, from time to time, the methodologies and the procedure to be observed by the licensees in computing the Expected Revenue from Charges (ERC). In pursuance of these statutory provisions and in accordance with the Regulations and Orders issued from time to time, the Commission has determined the Tariff for the year FY24.

6.3 Factors Considered for Tariff setting:

The Commission has kept in view the following factors relevant for determination of retail supply tariff:

a) Tariff Philosophy:

As discussed in the earlier Tariff Orders, in respect of consumers whose ability to pay is considered inadequate, the Commission has continued to fix tariff below the average cost of supply and in respect of certain categories of consumers whose ability to pay is considered to be higher, has fixed the tariff at or above the average cost of supply. Thus, the system of cross subsidy has been continued. However, it has been the endeavour of the Commission to progressively bring down the cross subsidy levels, as envisaged in the Tariff Policy, 2016 issued by the Government of India.

b) Average Cost of Supply:

The Commission has been determining the retail supply tariff based on the average cost of supply. The KERC (Tariff) Regulations, 2000, as amended from time to time, require the licensees to provide the details of embedded cost of electricity voltage / consumer category-wise. The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage level supply. Therefore, the Commission has decided to continue the fixation of tariff with reference to the average cost of supply for recovery of the ARR. However, in terms of the Orders of the Hon'ble ATE, the cross subsidy with reference to the voltage-wise cost of supply has been worked out and indicated in the Annexure-3 to this Order.

c) Cross subsidisation and Rationalisation of Tariff:

Consequent on merger of Urban and Rural tariff categories and rationalization of tariff structure, the status of cross subsidization is as under:

However, in order to soften the burden of increase in tariff of rural consumers, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayats. In respect of LT5 category, the rebate of 30 paise per unit shall be applicable for consumers of village panchayat areas & Town Municipal Council areas.

Cross subsidising Consumer categories:

- a. LT 2(a) Domestic (In higher slabs only)
- b. LT-3 LT Commercial
- c. LT-5 LT Industrial
- d. LT2b Private Educational Institutions & Hospitals
- e. HT2 (a) HT Industrial.
- f. HT2(b) HT Commercial
- g. HT2(c) Govt. / Private Educational Institutions & Hospitals
- h. HT (4) HT Residential
- i. HT5 & LT& Temporary Supply

Cross subsidised Consumer categories:

- LT4 (a) & (b) –Agriculture
LT4(c) Private Nurseries & Plantations
LT6 (a) & HT1 Water Supply
LT6(b) & (c) Street Lights & EV Charging Stations.

While the Cross Subsidizing consumers are paying above the Average Cost of Supply, the Cross Subsidized consumers are paying less than the Average Cost of Supply. The level of cross subsidies is indicated in Annexure-3. In this regard, the Commission, while fixing the tariff, is progressively reducing the level of cross

subsidization to bring down the cross subsidy levels, as envisaged in the Tariff Policy, 2016 issued by the Government of India

d) Uniform Tariff Across ESCOMs:

In view of the Policy of Government of Karnataka to fix uniform tariff across the ESCOMs, the power allocation from generating stations owned by the State Govt./ Central Govt./ IPPs is being made, year on year, by the GoK to make the average cost of supply comparable. As a result, high cost energy is being allocated to good performing ESCOMs (like BESCO & MESCOM) and low cost energy is being allocated to under-performing ESCOMs of the State to ensure uniform tariff across the ESCOMs.

e) Rationalisation of Tariff:

Hitherto the Commission has been determining differential retail supply tariff for consumers in urban and rural areas, beginning with its Tariff Order, dated 25th November, 2009. Consequent on taking up several extension and improvement works like, NJY, bifurcation IP set feeders and other Central and State Government sponsored schemes the quality and reliability of supply of power to the rural areas has improved considerably. In view of this, the Commission is of the view that continuation of differential tariff is no longer warranted. Further, the Forum of Regulators has also been recommending simplification and rationalisation of tariff structure in the States. In view of this, the Commission has proceeded to simplify and rationalise the tariff for FY24.

6.4 New tariff Proposal by HESCOM:

1. Time of Day (ToD) tariff to all HT consumers:

HESCOM in its tariff application has proposed the revision of exiting ToD tariff structure. HESCOM's has analysed introducing revised ToD structure with the following reasons:

- HESCOM's load during 6 am to 10 am varies from 1650 MW to 2500 MW

- The solar power is available only after 9 am upto 4.30 pm and during that period supply to IP set is being arranged.
- Due to lack of solar power generation during 6 am to 8.30 am HESCOM is required to shift Irrigation pump set loads during this period.
- During 6 am to 10 am, the domestic load will be added. If the load is catered to industries during the said morning hours, domestic consumers will be affected.
- The wind generation will be available only in the months from July to October

BESCOM has referred to various provisions of the Electricity Act 2003, National Electricity Policy, Tariff Policy, FoR Recommendation etc. in support of their claim.

HESCOM has submitted the data as per SCADA from April, 2022 to September, 2022 about average demand during morning and evening peak load and average consumption / demand. Accordingly, in HESCOM area, the load factor of the Average Morning Demand 6:00-11:00 hrs to peak load is approximately **67%** and the load factor of the Average Evening Demand 18:00 to 23:00 Hrs to peak load is approximately **51%**.

Rationality of ToD tariff proposals and fixation of TOD slots and tariff applicable for each slot:

HESCOM has submitted that, seven months in the Financial Year, i.e., Dec, Jan, Feb, Mar, April, May and June has been considered as high demand period and the balance 5 months (July-Aug, Sept, Oct and Nov) is low demand period. The present ToD tariff divided the day into three blocks with 4 hours as peak period, 8 hours as off-peak period and 12 hours as normal period. HESCOM's has proposed to divide the day into blocks with 8 hours as peak period, 11 hours as off-peak period, and 5 hours as a normal period. The rebate in tariff for off peak period consumption has been proposed at the same rate across all the high and low demand periods. The additional per unit rate for consumption during peak periods in high demand periods has been proposed at almost

double the tariff in the low demand period. The proposed ToD tariff system, would benefit all the HT consumers by passing on the low cost power during off-peak/low demand periods, and also helpful in flattening of the load curve with the shifting of some part of the demand from peak periods to off-peak periods, which in turn will address the problems of intermittency of renewable energy and grid management to some extent. The power rates in the exchanges are higher during high demand periods and lower during the low demand periods. As per the estimates, BESCOM has submitted that there will be a shortage of power for the ESCOMs to meet their energy requirement during the high demand period. Therefore, market/exchange purchases may be inevitable for which the ESCOMs are likely to incur high costs on power to some extent. The State is trading maximum power during 00:00 - 05:00 Hrs & 09:00 - 16:00 Hrs (Solar) and during monsoon season (between June to Sept) and between 9.00 am to 4.00 pm, when there is solar generation and also between 0:00 hrs to 5:00 hrs when demand is less. HESCOM has submitted the following details about the IP load during day time.

Time of Day	IP load (%)
0600 to 1000 hours	12%
1000 to 1800 hours	51%
1800 to 2200 hours	6%
2200 to 0600 hours	31%

By catering 61% of the IP load during the day time, SLDC is able to sell excess energy during the normal hours of the day.

HESCOM has proposed to divide a day into peak, off-peak, and normal periods into six slots.

HESCOM has submitted that the HT consumers require constant power supply throughout the day and may not be in a position to shift part of their loads to night time in order to avail benefit from off-peak TOD tariffs. With the extension of the present off-peak ToD period during the daytime, the impact of the proposed peak ToD tariffs on the above type of consumers will be significantly reduced. HESCOM has submitted that, the ToD tariff system is a Demand Side Management tool.

HESCOM has submitted that, the new proposal is made for encouraging HT consumption during day time to match surplus solar power/power available at lower market prices during the day-time and to slightly discouraging consumptions during peak time slots.

HESCOM has proposed the revised ToD tariff as detailed below:

Time of Day		Dec to June	July to Nov
		(rebate/penalty in addition to the base tariff, Rs. per unit)	
06.00 to 10.00	Peak	1.50	1.00
10.00 to 15.00	Off-peak	-0.75	-0.75
15.00 to 18.00	Normal	0	0
18.00 to 22.00	Peak	1.50	1.00
22.00 to 24.00	Normal	0	0
24.00 to 06.00	Off-Peak	-0.75	-0.75

Commission's Analysis & Decisions:

The Commission notes the submission made by HECOM with regard to the revised ToD proposal. The Commission notes that except BESCO, MESCOM and HESCOM, the other ESCOMs have not sought the revision in ToD Tariff. The Commission has carefully examined the proposal for revising ToD tariff structure. It is noticed that the details furnished by the ESCOMs are not supported by any technical data to justify that by revising the existing ToD structure how far they are able to flatten the demand curve in the peak hours.

For getting more clarity in the matter, the Commission had several rounds of discussions with the BESCO, SLDC and PCKL officials. After discussions, it was agreed by the BESCO and SLDC officials to reconsider the issue and submit revised proposal with relevant technical data. However, neither BESCO nor SLDC have submitted any revised proposal or justified the earlier proposal. The Commission in its Tariff Order by considering the surplus power situation and as the suggestions of the ESCOMs, KPTCL, SLDC, PCKL and the stake holders had approved the ToD tariff in the Tariff Order.

The Commission further held the meeting with BESCO and SLDC with regard to the ToD tariff proposal of ESCOMs. The Commission directed the SLDC to submit its opinion. Accordingly, the SLDC has submitted its report on the ToD proposal of ESCOMs vide Email dated 28.04.2023.

In the report it is submitted that, as per the LGBR data, State is in deficit during morning & evening non-solar hours. Accordingly, earlier it had submitted to introduce the ToD tariff during morning hours and continuation of evening ToD, to meet the demand during these periods, as the availability of power in the market is minimal with maximum cost. The proposal of BESCO for introduction of Time of Day (ToD) is essential for smooth functioning of State grid and dispatch of Electricity economically.

The SLDC has submitted the impact on relaxation of ToD during morning/evening peak hours as under:

- ❖ There can be additional loading in the system during peak hours (approx. to an extent of 1000 to 1500MW), maintaining the system parameters (voltage, frequency) as per grid code with this additional load, firm power units viz., thermal power to be brought on bar for this specific period to meet this additional demand, which will be not economical from grid operation perspective.
- ❖ Shifting of loads will also affect during non-solar hours, being an RE rich state, sufficient loads have to be balanced when injection of wind generation is high during night periods.
- ❖ During high wind penetration, most of the thermal units are kept under shutdown to absorb the must run RE by using hydro for ramping on short duration.
- ❖ The wind generation as observed is predominantly less in the morning and evening peak hours, ToD will help the grid management during these hours provided the loads are shifted in reality.
- ❖ The domestic and commercial loads are predominantly more in the morning/evening peak hours and if compounded with the relaxation of TOD, additional loads from Industrial has to be met, this requires firm power (Thermal units) during this period.

- ❖ The power is not available in Market during Morning & evening hours, relaxing the ToD during Morning & evening hours will prompt the OA customers to use the state grid during this hours, this will be additional burden to the State grid.

As per the details of the projected and actual generation availability and demand submitted for April-23 (upto 26th), SLDC has submitted that, there is a deviation of projected generation and actual generation due to forced outage of units. Due to unprecedented rise in demand, during this financial year, the relaxation of ToD during evening hours will have substantial impact for grid operation to maintain within the permissible limit of UI as per the new DSM regulation. At present, the State is managing this unprecedented rise in demand with the help of banking arrangement of UPPCL & PSPCL and also by utilizing the market effectively.

By considering the above submissions SLDC has opined to continue the existing ToD facility to all HT consumers for better grid management.

In the absence of any justifiable data and the opinion submitted by SLDC on the revised ToD tariff proposal of ESCOMs and by considering the surplus power situation in the State, the Commission decided to continue with the existing approved ToD Tariff.

2. Parallel Operation Charges/Grid Support Charges proposal for captive power plants:

HESCOM, in its application has claimed Grid Support Charges/ Parallel Operation charges in respect of all the Captive Power plants, since they seek parallel operation for safety, security and reliability of operation with the support of a much larger and stable system. It is submitted that captive Power Plants that are running in parallel with grid and continuously taking the support of grid for their captive and process operations. To justify its claim HESCOM has stated that the Parallel Operation Charges/Grid Support Charges are being collected in other States like Gujrat, Tamil Nadu, Madhya Pradesh, Chhattisgarh etc.

Commission's Analysis & Decisions:

The Commission notes that during the public hearing, the consumer organisations/ captive generators have vehemently opposed imposing the Parallel operation/grid support charge. In this regard, the Commission had issued the discussion paper on introduction of grid interactive support / grid support charge to all the Solar Rooftop consumer under net metering and any captive plant which is connected to the grid. The Commission, by considering the objections raised by the stake holders during the public hearing on the tariff application filed by ESCOMs, is of the opinion that, a study needs to be conducted before taking any decision in the matter.

As such the Commission decides to take up the issue after conducting a detailed study and analysis on the subject.

3. Increase in Demand Charges for HT consumers:

The other ESCOMs in their applications have proposed to increase the Demand Charges (Fixed costs) in respect of all the consumer categories. It is submitted that in the tariff structure the recovery of fixed charges and energy charges is not proportionate to actual fixed cost and energy charges incurred by ESCOMs.

ESCOMs have submitted, the ratios of Fixed costs and Variable cost covered in the total expenditure and the actual recovery of fixed charges and variable charge as per the tariff fixed by the Commission. The ESCOMs have submitted that the substantial portion of the fixed cost is recovered through energy charges due to wide gap in recovery of fixed cost in the form of fixed charges.

It is further submitted that as and when the HT consumers avail open access by drawing power from other sources or due to reduction in consumption on account installing of captive power units and for any other reasons, to the extent of reduced energy consumption, ESCOMs would under recover the fixed cost which is included in the energy charge. This is affecting ESCOMs financially. In view of this, the other ESCOMs have proposed substantial

increase in demand/ fixed charge across all the consumer categories and also reduction in energy charge so as ensure full recovery of fixed cost.

The other ESCOMs have also compared the fixed charges being levied in the other States like Madhya Pradesh, Tamil Nadu and Andhra Pradesh to justify the claim for increase in fixed charges.

Commission's Analysis & Decision:

The Commission has carefully considered the proposal of ESCOMs for increasing the Demand/ Fixed charge.

The Commission, in its earlier Orders, has been emphasizing the need to recover the fixed costs in the tariff by increasing the monthly rate of fixed costs gradually. As long as the consumers are drawing the power from the ESCOMs, the ESCOMs are assured of the full cost recovery, in the form of demand charges and energy charges. The question of under recovery of fixed charges would arise only when the consumers opt for Open Access(OA).

The Commission, to address the issue of under-recovery of fixed cost from the consumers had issued a discussion paper on 28.09.22 and sought views/ suggestions/ objections of the stakeholders. In the said Discussion Paper, the following issues were discussed:

The Fixed costs are the costs which are incurred by the ESCOMs to pay to the Generating Companies, Transmission Company and meet the costs towards creation and maintenance of Distribution network with in the ESCOMs.

The Fixed costs in the Generating Company are those which are incurred in land acquisition, construction of Generating station, payment of employee costs (salaries & pension), interest on loans, depreciation, return on equity and taxes thereon.

Similarly, fixed costs in Transmission (based on the transmission capacity created) and Distribution Companies (towards the distribution network), pertain to all the costs incurred for creation of transmission/ distribution network,

payment of employee costs (salaries & pension), payment of interest on loans, depreciation, return on equity and taxes thereon.

The above fixed costs are required to be incurred, by the ESCOMs, month on month, irrespective of the quantum of energy sold to the consumers.

The Fixed Charges/ Demand Charges, included in the bill, pertain to the charges fixed in tariff based on the sanctioned load of the consumers' installations, expressed in terms of Rs. per kW/KVA of the sanctioned load / contracted demand.

Fixed charges are levied to recover the fixed cost incurred on arranging power supply to the end consumers. Whereas, Energy Charges or the variable charges are those which relate to the cost of generation of electricity generated from a generating unit. It mainly consists of the primary and secondary fuel costs in the form of cost of coal or gas and oil in thermal units.

While the Fixed cost determined on per kW / KVA per month (of the sanctioned load) basis remain the same, the energy charges vary according to the quantum (KWh/ unit) of electricity used by the Consumer.

Traditionally, the recovery of fixed cost through demand charges was fixed at nominal rates, whereas a substantial portion of the fixed cost of electricity was recovered through energy/ variable charges. Thus, the recovery of fixed cost and the energy charge was not reflective of the actual per unit costs towards fixed and variable expenses incurred by the Electricity Supply Companies (ESCOMs).

As per the Provisions of the Electricity Act, 2003, due to introduction of 'Open Access' in the electricity business, the ESCOMs are required to allow open access to their consumers, to enable them buy power from other sources at competitive rates. While availing open access, the consumers buy power from outside sources other than the ESCOMs and to the extent of energy purchased from outside sources, the consumers will not pay energy charges to the

ESCOMs. Thus, the ESCOMs will not be able to recover the fixed costs which are a part of the energy/ variable charges. This results in under recovery of fixed costs embedded in the energy charges. As the ESCOMs are required to pay the fixed cost to the generating and transmission companies, irrespective of the of energy purchased / transmitted by them, the ESCOMs are made to pay fixed charges to the generators and transmission charges even for the energy not purchased by the Open Access consumers from the grid. Thus, the ESCOMs are losing the fixed cost embedded in the energy charges (revenue) for the energy drawn through open access consumers for which the ESCOMs are required to pay full fixed costs.

In view of the above situation, ESCOMs have been praying the Commission to substantially increase the rate of recovery of Fixed Charges and to proportionately reduce the Energy Charges so as to ensure adequate recovery of fixed costs from consumers, with reference to the actual fixed costs incurred by them.

During the public hearing, the stakeholders in general and industrial consumers in particular, have opposed the proposal of the ESCOMs to substantially increase the fixed cost. They have expressed their dissatisfaction over ESCOM's lacklustre attitude in promoting the sales.

The stakeholders also pointed that, in case the Commission allows recovery of full fixed cost, there is every likelihood of the ESCOMs becoming complacent in the performance of their duties as they are assured of recovery of full fixed cost.

The Commission has been considering gradual increase in the rate of fixed costs over a period of time, with a view to balance the interest of both consumers and ESCOMs, instead of substantially increasing the fixed cost upfront.

The Commission notes that, as per the Tariff Order 2022 dated 04.04.2022, the Commission had determined the fixed charges / demand charges so as ensure recovery of fixed cost to an extent of 53.96 % which also includes recovery of fixed charges embedded through CDT in respect of IP set installations.

Further, as per the provisions of the Electricity Act 2003, the ESCOMs should realise the cost of supply from all the category of consumers and should not confine themselves with the recovery of increased fixed cost only to specific categories of consumers. Mere increasing the fixed charges/demand charges and reducing energy charges to HT consumers does not appears to be a proper approach to retain HT/EHT/Open Access consumers.

In order to retain the HT Consumers, HESCOM shall make wide publicity of the schemes approved by the Commission and promote sales by adopting various marketing strategies to encourage the consumers to avail the schemes approved by the Commission.

Comparison of the recovery of Fixed costs in other States by ESCOMs is also not appropriate, since the cost components in other States will vary according to their generation mix, geographical considerations and the overall economic conditions prevailing in the States. In Karnataka historically, the thrust was more on recovery of energy charges rather than the fixed charges.

The Commission notes that one of the major reasons for consumers opting for open access is the frequent interruptions in power and the poor reliability in supply of power to consumers. ESCOMs are advised to improve the power supply reliability by reducing interruptions and distribution losses, to maximise its revenues.

In view of the above, the Commission is not in favour of ESCOM's submissions for substantially increasing the fixed charges at one go and reduce the energy charges. Hence, the Commission has considered a moderate increase in fixed charges to all the category of consumers, so as to ensure gradual increase in the fixed costs as envisaged in the Tariff Policy of the Gol.

In this Tariff Order, in order to balance the interest of consumers and the ESCOMs, the Commission, by considering the substantial increase involved in operations of generation, transmission and distribution activities has endeavoured to give effect to a moderate increase in the recovery of fixed

cost. As per approved ARR for FY24 of ESCOMs, the share of fixed and variable cost is as under:

Total Approved ARR of ESCOMs :	Rs. 58,109.95 Crores
Less Variable cost of power purchase:	Rs. 26,963.74 Crores
Fixed cost to be incurred:	Rs. 31,146.21 Crores
Ratio of Variable cost & Fixed Cost:	46.40: 53.60

In the public hearing, some of the consumers' / stake holders have pointed out that, in respect of LT-1 (BJ/KJ) and LT-4(a) (IP sets 10 HP below) the fixed charges are not being charged and recovered, thereby, ESCOMs are showing under recovery of the fixed charges. In this regard the Commission would like to make it clear that in the CDT fixed by the Commission for LT-1 & LT-4(a) tariff categories the fixed charge component was not indicated separately even though the CDT determined is inclusive of the fixed charges. As such, in this tariff order, the Commission has endeavoured to consider the Fixed and Variable Cost Component separately in the CDT of the respective tariff schedules. Thus, ensuring the overall recovery of fixed charges by the ESCOMs to the extent of 63.14%.

After effecting appropriate increase in the Demand charges, in respect of the all the categories including LT-1(BJ/KJ) and LT-4(a) (IP sets 10 HP and below), the total fixed cost allowed to be recovered in tariff for FY24 would be Rs.22202.66 Crores as against total Fixed cost of Rs.31236.21 Crores. This accounts for recovery of 71.08% out of 53.60% against the earlier recovery level at 57-20%. The revised fixed charges in respect of various category-wise consumers is indicated in the revised tariff schedule.

4. Special Incentive scheme:

HESCOM and other ESCOMs in their filing have requested the Commission to discontinue the approved Special Incentive Scheme (SIS) for the reason that the existing consumer under SIS may opt DERS scheme. HESCOM has submitted that only 42 HT consumers have opted for SIS scheme and their consumption above the basis unit between 10.00 Hrs to 178.00 Hrs is only 3.28 MU for FY22. It is

further submitted by ESCOMs that, they have proposed ToD tariff for all HT Categories which is similar to Special Incentive Scheme for HT consumers and requested the Commission to discontinue special incentive scheme with effect from 1st April,2023.

Commission's Analysis and Decision:

The Commission notes that, during the Public hearing the consumer organisations have pleaded for continuation of Special Incentive Scheme, since it is helpful to the industries. Thereafter HESCOM and other ESCOMs have also concurred with views of the stakeholders. Considering the request of the consumers and concurrence of ESCOMs, the Commission has decided to continue the SIS on the existing terms and conditions. The scheme would remain in force until further orders.

5. Discounted Energy Rate Scheme:

HESCOM in their filing has proposed to continue the DERS scheme for the further period of one year with an increase in the discount rate by 50 paise per unit. The other ESCOMs in their tariff applications have proposed to continue the Discounted Energy Rate Scheme (DERS) for further period.

Commission Analysis and Decisions:

The Commission notes the submission made by HESCOM in seeking extension of DERS scheme for a further period of two years. Keeping in view the surplus power situation in the State, and as requested by the ESCOMs, in order to encourage increase in sales to HT consumers, the Commission decides to continue the DERS as per the existing terms and conditions. **However, the Commission decides to fix the discounted rate for the scheme @ Rs.5/- per unit as against the rate of Rs 6.00 per unit until further orders. The reduced rate shall be effective from the first meter reading date on or after the date of this Tariff Order, until further orders.**

Further, regarding monthly base consumption, whenever the consumers get their contract demand reduced, there shall not be any reduction in base consumption. This will be effective from the first meter reading date on or after the date of this Tariff Order.

The Commission in order to encourage increase in sales, decides to extend the DERS Scheme to LT industries and LT Commercial consumers having sanctioned load of 50 Kwh and above at a discounted rate of energy charges of Rs.5.00 per unit. This will be effective from the first meter reading date on or after the date of this Tariff Order, until further orders.

The average monthly base consumption for the existing LT-5 consumers and LT-3 consumers as on 01.04.2023 shall be computed by considering the energy supplied by HESCOM during the period from April, 2022 to March 2023 at the option of the consumer opting for the scheme.

In respect of new installation serviced on or after 01.04.2023, the monthly base consumption shall be at 57 Kwh per KW of sanctioned load. In case the eligible consumers who have increased their sanctioned load during the currency of the scheme on a permanent basis, the existing monthly average base consumption shall be increased to the extent of additional sanctioned load at the rate of 57 Kwh per KW of additional sanctioned load per month from the month in which the additional sanctioned load has come into effect.

All other terms and conditions of the DERS Scheme as approved by the Commission in its Tariff Order 2021 dated 9th June, 2021 shall remain in force.

6. Withdrawal of Solar Rebate:

HESCOM and other ESCOMs in their proposals have submitted that, GoK in the letter No. EN 396 NCE 2006 dated 13.11.2007, as a Demand Side Management measure has made installation of solar water heater is mandatory in all residential building with built up area of 600 Sq. feet and above constructed on sites measuring 1200 Sq. feet and above falling within the limits of Municipal / Corporations and Bangalore Development Authority.

Commission analyses and decisions:

The Commission notes the submission made by the ESCOMs for withdrawal of solar water heater rebate extended to the consumers. The Commission also notes that, many of the consumers in the public hearing suggested to withdraw

the solar rebate extended in the Tariff Order as any rebate extended to any particular consumer is to be borne by other consumers in the tariff. The Commission note that, Government of Karnataka has made mandatory of the installation of solar water heater on the roof of the residential buildings on certain conditions. The use of Solar water heaters is advantageous to both the ESCOMs and the consumers. Now, with the availability of surplus power due to the Commissioning of RE power projects in the State as noted from the submission made by ESCOMs, the backing down of the thermal power stations to accommodate the power from the must run status RE power as per the prevailing Rules / Policy of the Gov/ MNRE is eminent. Thus, on account of this, the ESCOMs are liable to pay the capacity charges and has resulted in increase in the power purchase cost of the ESCOMs abnormally, which has to be borne by the consumers in the State through Retail Supply Tariff. Under these circumstances, extension of any further concession in the solar rebate has to be borne by the other consumers by increase in the tariff for which they are objecting.

The Commission by considering the financials of the ESCOMs and the plight of other consumers in the State decides to withdraw the existing rebate of 50 paise per unit, for use of solar water heaters under tariff schedule LT2(a).

7. Non-telescopic tariff for Domestic consumers and Rationalisation / Simplification of tariff categories:

HESCOM and other ESCOMs have proposed introduction of non-telescopic slabs in respect of LT Domestic consumers, for the reason that in the present telescopic slabs, ESCOMs are unable to recover full cost of supply. The approved tariff structure fetches lesser average rate from the domestic consumers as against the approved average cost of supply.

ESCOMs have proposed non-telescopic tariff with reduced energy charges and increase in fixed charges from 100 units onwards. ESCOMs have proposed consumption-wise segregation of its consumers in domestic category as a methodology of intra-slab cross subsidization. Increase in fixed charges have been proposed by proportionately reducing the Energy charges.

ESCOMs have also cited the non-telescopic tariff slabs in other States like Kerala, Maharashtra, Madhya Pradesh and Tamil Nadu to justify the proposal.

Commission's Analysis & Decision:

The Standing Committee on Energy in its 26th Report had observed that, over the years, the tariff structure across the States has become very complex and the consumer categories are unduly large in number. In view of this, the Standing Committee has recommended simplification and rationalisation of tariff structure which would make the process of tariff determination simpler and also bring more transparency and accountability.

Keeping in view the recommendation of the Standing Committee, the Commission has attempted to rationalise the Tariff structure to the extent possible, keeping in view the present tariff structure. The salient features of the tariff Rationalisation are as follows:

- a. Merger of urban and rural categories into one category.
- b. Introduction of non-telescopic tariff slabs in respect of all the LT categories except LT Industrial tariff.
- c. Reduction of slabs in fixed and energy charges.

The Commission by considering the request of HESCOM and other ESCOMS and the recommendation of the Standing Committee with regard to the tariff structure, decides to rationalise and simplify the tariff categories and tariff in the present tariff order. By this exercise, the Commission is able to reduce the tariff to 21 categories from the existing 28 categories.

8. Withdrawal of incentive extended to ECS consumers:

The Other ESCOMs in their applications have proposed to withdraw the incentive extended by the Commission in its earlier Tariff Orders to the consumers who are paying electricity bills through Electronic Clearing System (ECS) at 0.25% of the bill amount. ESCOMs have submitted that, considering the number of consumers availing this mode of payment with the sizable number of transactions and the amount collected through various other online

payment modes offered without any incentive, the extension of incentive to ECS opted consumers, may be discontinued.

Commission analyses and decisions:

The Commission notes ESCOM's submissions in respect of the proposal for withdrawal of incentive extended to ECS consumers. In the earlier years, the consumers in general were provided with only ECS facility for payment of bills as approved by the RBI. At present there are various modes of online payment available to the consumers. The incentive on ECS payment was allowed in order to promote cash less transaction and realization of bill amount on the due date. Now, after digitization, the citizens/ consumers are offered with various modes of online payment. At present the volume of transactions under these modes of online payment is very high, for which no incentive is being allowed.

Thus, the Commission, by considering the request of BESCO and keeping in view the availability of various other options for online payment to the consumers, decides to withdraw the incentive extended to ECS consumers. However, the consumers may continue to make payment through ECS.

9. Merging of Urban and Rural category under HT-2(a) HT-2(b) and HT-(c) along with slabs:

a. Merging of Urban and Rural category under LT -2(a), LT-2(b) Lt-3 , LT-5 with the extension of a rebate 30 paise per unit in energy charges for consumers of village panchayats:

The Commission has taken note of the submissions made by the ESCOMs on the above issues. As made out in the earlier paras, in order to remove the complexity in billing of the installations and to simplify the tariff structure, the Commission has decided to rationalize and simplify the tariff structure.

Accordingly, the Commission decides to club Urban and Rural consumers tariff category under HT-2(a), HT-2(b), and HT-2(c) under HT category and LT-2(a), LT-2(b), LT-3 and LT-5 under LT tariff category. Further, consequent on merger of rural and urban tariff categories, there is likely to be slight increase in the electricity bills in respect of rural consumers. To soften the burden of increase in

tariff of rural consumers, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayats. In respect of LT5 consumers, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayats and Town Municipal Council areas.

10. Merging of LT7(b) tariff schedule under LT-3:

LT-7(b) tariff activities such as Hoardings and Advertisement boards, Bus shelters with Advertising Boards, Private Advertising Posts / Sign Boards in the interest of public, such as Police Canopy Direction boards, and other sign boards sponsored by private Advertising Agencies / firms on permanent connection basis may be shifted / classified under LT-3 tariff category with an addition of energy charges of Rs.2.50 per unit plus the highest energy charges of LT-3 category as the activities are commercial in nature.

The Commission notes the submission made by HESCOM and other ESCOMs to shift LT-7(b) tariff schedule i.e. Hoardings and Advertisement boards, Bus shelters with Advertising Boards, Private Advertising Posts / Sign Boards in the interest of public such as Police Canopy Direction boards, and other sign boards sponsored by private Advertising Agencies / firms on permanent basis to LT-3 category and fixed charges at the highest energy charges of LT-3 category plus Rs.2.50 paise per unit / 1.50 times of LT-3 Tariff category.

The Commission, in its earlier Tariff Order by considering the plight of the consumer and the nature of power supply arrangement, has decided to bill these consumers under LT-7(b) tariff schedule. The Commission in order to rationalise and reduce the present tariff structure as requested by ESCOMs, decides to club this tariff category with LT-3 tariff schedule by levying the additional Rs.2.00 per unit over the approved Energy charges along with fixed charges as approved by the Commission.

11. Gaushala activity to be included under LT-2(a) tariff schedule:

The Commission notes the submission made by HESCOM and other ESCOMs to include Gaushala activity under Domestic LT-2 tariff schedule.

The Commission by considering the nature of activity carried out in Gaushala and as requested by the ESCOMs decided to include Gaushala activity under LT-2 domestic tariff schedule.

12. Animal husbandry activity to be included in LT-5 tariff:

The Commission notes the submission made by HESCOM and other ESCOMs to include Animal Husbandry activity under LT-5 tariff schedule.

The Commission by considering the nature of activity carried out in Animal Husbandry and as requested by the ESCOMs decided to include Animal Husbandry activity under LT-5 tariff schedule.

13. Re-classification of sanctioned load under LT-5 tariff schedule:

HESCOM, in its application has proposed to reclassify the existing sanctioned levy the fixed charges on the sanctioned load under five slabs into three slabs.

The Commission to rationalise and simplify the tariff structure and to remove the complexity in billing, decides to reduce the existing five slabs of sanctioned load considered for levy of fixed charge into two slabs under LT-5 tariff schedule as under:

Existing Sanctioned Load	Approved Sanction Load
i. 5 HP and below	i. Below 100 HP
ii. Above 5 HP and Below 40 HP	ii. 100 HP and Above
iii. 40 HP & above but below 67 HP	
iv. 67 HP & above but below 100 HP	
v. 100 HP and Above	

14. Merging of HT-3 (a)(i), HT-3 (a)(ii) & HT-3 (a)(iii) into single tariff schedule HT-3(a) i.e. Lift Irrigation.

The Commission notes that, HESCOM in its application has proposed to merge HT 3(a)(iii) tariff schedule under HT-3(a)(ii) tariff schedule. The Commission notes

that the other ESCOMs proposed to merge the HT-3 (a)(i), HT-3 (a)(ii) & HT-3 (a)(iii) tariff category into single tariff categories as HT-3(a).

The Commission by considering the purpose of usage of Lift irrigation and rationalisation of tariff structure as recommended by FoR and as requested by ESCOMs decides to merge HT-3 (a)(i), HT-3 (a)(ii) & HT-3 (a)(iii) tariff category into single tariff category HT-3(a).

15. Classification of Data Centres under Industrial Category:

The Government of Karnataka vide its letter No. Energy/ 32 / PSR/ 2023 dated 4th February, 2023 has forwarded the requests of Department of Electronic Information Technology and Biotechnology & Science & Technology along with the Karnataka Data Centre Policy:2022-2027 with a request to classify the Data Centres under industrial tariff instead of treating them as commercial consumers.

Commission's Analysis & Decision:

The Commission notes that the data centres provided larger employment opportunities. They are also energy intensive units requiring bulk power. In order to encourage setting up of more data centres and to generate more employment opportunities in the State of Karnataka, the Commission decides to classify the data centres (both LT and HT under industrial tariff category subject to Production of necessary certificate issued by Department of Electronics, Information Technology & Biotechnology and Science & Technology.

16. Classification of Transformer repair centre under LT-5 tariff category:

HESCOM in its application has proposed to define transformer repair centres under LT-5 category as these centres are not classified in the existing tariff schedule.

The Commission notes the submission made by HESCOM. The Commission by considering the nature of activities carried in the transformer repair centres decides to classify these activities under LT-5 tariff schedule.

b. Inclusion of LT-2(b) and HT-2(c)(ii) tariff schedule under commercial tariff - LT-3 and HT2.

Some of the ESCOMs in their applications have submitted to includes LT2(b) and HT2(c) tariff schedule applicable to Hospitals and Educational Institution run by private aided or unaided institutions under Commercial Tariff schedule as they are having potential to pay cross subsidy.

The Commission notes the submission made by the some of the ESCOMs to include LT2(b) and HT2(c) tariff schedule applicable to Hospitals and Educational Institution run by private aided or unaided institutions under Commercial Tariff schedule.

In this regard, the Commission notes that, imparting Education to the children to achieve 100% literacy and providing medical assistants / treatment to all the citizens of the country is very essential as per the policy of the Government of India. Reclassifying these consumers under commercial category will add on to the cost of service and which will be a burden to the citizens. Thus, the Commission decides to continue the existing tariff schedule for the same.

Parallel Operation Charges/Grid Support Charges proposal for captive power plants:

HESCOM, in its application has claimed Grid Support Charges/ Parallel Operation charges in respect of all the Captive Power plants, since they seek parallel operation for safety, security and reliability of operation with the support of a much larger and stable system. It is submitted that captive Power Plants that are running in parallel with grid and continuously taking the support of grid for their captive and process operations. To justify its claim HESCOM has stated that the Parallel Operation Charges/Grid Support Charges are being

collected in other States like Gujrat, Tamil Nadu, Madhya Pradesh, Chhattisgarh etc.

Commission's Analysis & Decisions:

The Commission notes that during the public hearing, the consumer organisations/ captive generators have vehemently opposed imposing the Parallel operation/grid support charge. In this regard, the Commission had issued the discussion paper on introduction of grid interactive support / grid support charge to all the Solar Rooftop consumer under net metering and any captive plant which is connected to the grid. The Commission, by considering the objections raised by the stake holders during the public hearing on the tariff application filed by ESCOMs, is of the opinion that, a study needs to be conducted before taking any decision in the matter.

As such the Commission decides to take up the issue after conducting a detailed study and analysis on the subject.

6.5 Revenue at existing tariff and deficit for FY24:

The Commission, in the preceding Chapters, has decided to carry forward the revenue deficit of Rs.1537.18 Crores of FY22 to the ARR of FY24. The net gap in revenue of Rs.876.29 Crores for FY24 is proposed to be recovered by revision of the Retail Supply Tariff, as discussed in the following paragraphs of this Chapter.

Considering the approved ARR for FY24 and the revenue as per the existing tariff, the resultant gap in revenue for FY24 is as follows:

Revenue Deficit for FY24

Amount in Rs. in Crores	
Particulars	Amount
Approved Net ARR for FY24 including gap of FY22	10889.60
Revenue at existing tariff	10013.31
(-)Deficit/ Additional Revenue to be realised by Revision of Tariff	(-)876.29

Accordingly, the Commission now proceeds to determine the Retail Supply Tariff for FY24. The category-wise tariff, as existing, as proposed by HESCOM and as approved by the Commission are as follows:

6.6 Category-wise Existing, Proposed and Approved Tariffs:

1. LT-1 Bhagya Jyothi:

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

LT-1: Applicable to BJ / KJ installations		
PARTICULARS	As Existing	As Proposed
Energy charges (including recovery towards service main charges)	831 paise / Unit subject to a monthly minimum of Rs.70	941 paise / Unit subject to a monthly minimum of Rs.95

COMMISSION'S VIEWS/ DECISION:

The Government of Karnataka has continued its policy of providing free power to all BJ/KJ consumers with a single outlet, whose consumption is not more than 40 units per month, vide Government Order No. EN12 PSR 2017 dated 20th March, 2017. Based on the present average cost of supply, the tariff payable by this BJ/KJ consumer is revised to Rs.8.69 per unit.

Further, the ESCOMs shall claim subsidy for only those consumers who consume 40 units or less per month per installation. If the consumption exceeds 40 units per month or if any BJ/KJ consumer is found to have more than one out-let, it shall be billed as per the Tariff Schedule LT 2(a).

Accordingly, the Commission Determines the tariff (CDT) in respect of BJ / KJ installations as follows:

LT-1: Applicable to BJ / KJ installations- for HESCOM Area	
PARTICULARS	As Approved by The Commission
Fixed Charges & Energy Charges:	
Commission Determined Tariff (CTD)	869 paise / Unit subject to a monthly minimum of Rs.100 [CDT comprises of fixed charge component of Rs.4.88 and variable charge component of Rs.3.81 per unit]
NOTE: GOK is meeting the full cost of supply to BJ / KJ installations. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.8.69 per unit subject to a monthly minimum of Rs.100 per installation per month, shall be demanded and collected from these consumers by HESCOM.	

2. LT-2(a) - Domestic Consumers:**HESCOM's Proposal:**

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

Domestic Consumers Category- EXISTING TARIFF		
PARTICULARS	LT-2(a)(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies	LT-2(a)(ii) Applicable to Areas under Village Panchayats
Fixed Charges / KW /Month:		
For the first KW	Rs.100/-	Rs.85/-
For every additional KW upto and inclusive of 50 KW	Rs.110/-	Rs.100/-
For every additional KW above 50 KW	Rs.175/-	Rs.160/-
Energy Charges per kWh:		
0 to 50 Units	410 paise	400 paise
51 to 100 Units	560 paise	530 paise
101 to 200 Units	715 paise	685 paise
For the balance Units	820 paise	770 paise

HESCOM has proposed non-telescopic slabs by merging of the existing LT-2(a)(i) and LT-2(a)(ii) tariff categories into one category as follows.

LT-2(a): Domestic Consumers Category- AS PROPOSED	
PARTICULARS	LT-2(a) Applicable for all areas
Fixed Charges / KW /Month:	
For the first KW	Rs.125/-
For every additional KW upto and inclusive of 50 KW	Rs.135/-
For every additional KW above 50 KW	Rs.200/-
Energy Charges per kWh:	
0 to 50 Units	400 paise
0 to 100 Units [If the total consumption exceeds 50 units and upto 100 units]	480 paise
0 to All Units [If the total consumption exceeds 100 units]	730 paise

Commission's Decision:

The Commission decides to rationalize the existing tariff structure of domestic consumers, as detailed below:

- (i) Merging LT-2(a)(i) & LT-2a(ii) categories
- (ii) Reducing fixed charges slabs to two from the existing three slabs.
- (iii) Introducing non-telescopic energy charges slabs.
- (iv) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayat areas.
- (v) As per the request of the ESCOMs, the Commission decides to classify "Gaushala" installations under tariff schedule LT-2(a).

LT-2(a): Domestic Consumers as Approved by the Commission	
PARTICULARS	LT-2(a) [Applicable for all areas]
Fixed Charges / KW /Month:	
Per KW Upto 50 KW	Rs.110/-
For every additional KW above 50 KW	Rs.210/-
Energy Charges per kWh:	
0 to 100 Units	475 paise
0 to All Units [if the total consumption exceeds 100 units]	700 paise

3. LT-2 (b): Applicable to the Private Professional and other private Educational Institutions including aided, unaided institutions, Nursing Homes and Private Hospitals having only lightning or combined lighting & hearing and motive power

HESCOM's Proposal:

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

LT-2(b): EXISTING TARIFF		
PARTICULARS	LT-2(b)(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies	LT-2(b)(ii) Applicable to Areas under Village Panchayats
Fixed Charges / KW /Month:		
Per KW upto 50 KW	Rs.120/-	Rs.110/-
Subject to a minimum per KW	Rs.150/-	Rs.135/-
For every additional KW above 50 KW	Rs.175/-	Rs.165/-
Energy Charges per kWh:		
0 to 200 Units	730 paise	675 paise
Above 200 Units	855 paise	800 paise

LT-2(b): AS PROPOSED	
PARTICULARS	LT-2(b) Applicable for all areas
Fixed Charges / KW / Month:	
Per KW upto 50 KW	Rs.145/-
Subject to a minimum per KW	Rs.175/-
For every additional KW above 50 KW	Rs.200/-
Energy Charges per kWh:	
0 to 200 Units	720 paise
For the balance Units	845 paise

Commission's decision:

The Commission decides to rationalize the existing tariff structure of LT-2(b) category as detailed below:

- (i) Merging LT-2(b)(i) & LT-2b(ii) categories
- (ii) Rationalizing the fixed charges slabs.
- (iii) Single slab for the energy charges.
- (iv) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayat areas.

LT-2(b): Approved by the Commission	
PARTICULARS	LT-2(b) Applicable for all areas
Fixed Charges / KW / Month:	
Per KW Upto 50 KW	Rs.180/-
For every additional KW above 50 KW	Rs.250/-
Energy Charges per kWh:	
For entire consumption	775 paise

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

HESCOM's Proposal:

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

LT-3: EXISTING TARIFF		
PARTICULARS	LT-3(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies	LT-3(ii) Applicable to Areas under Village Panchayats
Fixed Charges / KW / Month:		
Per KW upto 50 KW	Rs.125/-	Rs.115/-
For every additional KW above 50 KW	Rs.230/-	Rs.220/-
Energy Charges per kWh:		
0 to 50 Units	840 paise	790 paise
For the balance Units	940 paise	890 paise

LT-3: Demand based Tariff (optional) where sanctioned load is above 5 KW but below 150 KW - EXISTING TARIFF		
PARTICULARS	LT-3(i) Applicable to areas coming under City Municipal Corporations and all other Urban Local Bodies -	LT-3(ii) Applicable to Areas under Village Panchayats
Fixed Charges per KW / Month of billing demand:		
Per KW upto 50 KW	Rs.140/-	Rs.130/-
For every additional KW above 50 KW	Rs.245/-	Rs.235/-
Energy Charges per kWh:		
0 to 50 Units	840 paise	790 paise
For the balance Units	940 paise	890 paise

LT-3: AS PROPOSED	
PARTICULARS	LT-3 Applicable for all areas
Fixed Charges / KW / Month:	
Per KW upto 50 KW	Rs.150/-
For every additional KW above 50 KW	Rs.255/-
Energy Charges per kWh:	
0 to 50 Units	830 paise
For the balance Units	930 paise

LT-3: Demand Based Tariff (Optional) where sanctioned load is above 5 KW but below 150 KW - AS PROPOSED	
PARTICULARS	LT-3 Applicable for all areas
Fixed Charges / KW / Month:	
Per KW upto 50 KW	Rs.165/-
For every additional KW above 50 KW	Rs.270/-
Energy Charges per kWh:	
0 to 50 Units	830 paise
For the balance Units	930 paise

Commission's decision:

The Commission decides to rationalize the existing tariff structure of LT-3 category, as detailed below:

- (i) Merging LT-3(i) & LT-3(ii) categories
- (ii) Single slab for the energy charges.
- (iii) **Shifting of the consumers under LT-7(b) category (Applicable to power supply to Hoardings & Advertisement boards on Permanent connection basis) into LT-3 category.**
- (iv) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers falling under village panchayat areas.

LT-3: As Approved by the Commission	
PARTICULARS	LT-3 Applicable for all areas
Fixed Charges / KW / Month:	
Per KW Upto 50 KW	Rs.200/-
For every additional KW above 50 KW	Rs.300/-
Energy Charges per kWh:	
For entire consumption	850 paise

LT-3: Demand based Tariff (optional) where sanctioned load is above 5 KW but below 150 KW - As Approved by the Commission	
PARTICULARS	LT-3 Applicable for all areas
Fixed Charges per KW / Month of billing demand:	
Per KW Upto 50 KW	Rs.220/-
For every additional KW above 50 KW	Rs.320/-
Energy Charges per kWh:	
For entire consumption	850 paise

5. LT-4: Irrigation Pump Sets:

5.1: LT-4(a)- Applicable to IP sets up to and inclusive of 10 HP

HESCOM's Proposal:

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

LT-4(a): Applicable to IP sets up to and inclusive of 10 HP		
PARTICULARS	As Existing	As Proposed
Fixed Charges:	NIL	NIL
Energy Charges per kWh:		
Commission Determined Tariff (CTD)	715 paise	941 paise

Commission's Decision

The Government of Karnataka has extended free supply of power to farmers as per the Government Order No. EN 55 PSR 2008 dated 04.09.2008. As per this policy of GoK, **the entire cost of supply** to IP sets upto and inclusive of 10 HP shall borne by the GoK through tariff subsidy. In view of this, all the consumers under the existing LT-4(a) tariff are covered under fully subsidised supply of power.

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

LT-4(a): Approved CDT for IP Sets for FY24		
S.No.	PARTICULARS	HESCOM
1	Approved ARR (Rs.in Crores)	10889.61
2	Sales to BJ/KJ installations – MU	159.85
3	Sales to IP set installations – MU	6902.41
4	Sales to other than BJ/KJ & IP set installations in MU	5468.41
5	Total Sales in MU (2 + 3 + 4)	12530.67
6	Average Cost of supply in Rs. Per unit (1 / 5 *10)	8.69
7	Cost of supply – other than IP sets / BJ/KJ sales (4 * 6 / 10)	4752.05
8	Rev. from other than IP & BJ/KJ installations (Rs.in Crores)	5682.18
9	Cross subsidy from other than IP & BJ/KJ installations in Rs. Crores (8 - 7)	930.13
10	Cost of supply to BJ/KJ installations in Rs. Crores (2 * 6 /10)	138.91
11	Revenue from sales to BJ/KJ installations in Rs. Crores	138.91
12	Cost of supply to IP sets sales in Rs. Crores (3 * 6 /10)	5998.19
13	Revenue to be collected from IP set installations (12 - 9)	5068.06
14	Approved sales to IP set in MU	6902.41
15	Commission determined tariff (CDT) for IP set category for FY24 in Rs. Per unit (13 / 14 * 10)	7.34

Accordingly, the Commission decides to approve tariff of Rs.7.34 per unit as CDT for FY24 for IP Set category under LT4 (a). In case the GoK does not release the subsidy in advance, the tariff of Rs.7.34 per unit shall be demanded and collected from these consumers.

LT-4(a): Applicable to IP sets up to and inclusive of 10 HP- for HESCOM Area	
PARTICULARS	As Approved by The Commission
Energy Charges & Energy Charges:	
Commission Determined Tariff (CTD)	7.34 paise / Unit [CDT comprises of fixed charge component of Rs.4.12 and variable charge component of Rs.3.22 per unit]
NOTE: IN CASE THE GOK DOES NOT RELEASE THE SUBSIDY IN ADVANCE, IN THE MANNER SPECIFIED BY THE COMMISSION IN CLAUSE 6.1 OF THE KERC (MANNER OF PAYMENT OF SUBSIDY) REGULATIONS, 2008, CDT OF Rs.7.34 PER UNIT SHALL BE DEMANDED FROM THESE CONSUMERS.	

The Commission has been issuing directives to ESCOMs for conducting Energy Audit at the Distribution Transformer Centre (DTC)/feeder level for proper assessment of distribution losses and to enable detection and prevention of

commercial loss. In view of undertaking feeder segregation under NJY scheme, Deen Dayal Upadhyaya Gramma Jyothi Yojana, the ESCOMs including HESCOM were also directed to submit IP set consumption on the basis of the meter readings of the 11 kV feeders at the sub-station level duly deducting the energy losses in 11kV lines, distribution transformers & LT lines, in order to compute the consumption of power by IP sets accurately. Further, in the Tariff Order 2016, the ESCOMs including HESCOM were also directed to take up enumeration of IP sets, 11 KV feeder-wise by capturing the GPS co-ordinates of each live IP set in their jurisdiction. In this regard, the Commission has noted that the ESCOMs have not fully complied with these directions and have initiated measures to achieve full compliance. The HESCOM need to ensure full compliance as this has direct impact on their revenues and tariff payable by other categories of consumers.

Government of Karnataka vide letter dated 29.03.2023 has informed the Commission that for FY24, Government have allocated an amount of Rs.13,143.00 Crores for providing free electricity supply to BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP & below and requested the Commission to determine the tariff for these categories considering the same.

In this regard, it is explicitly made clear that the Commission is determining the tariff for various category of consumers duly considering the cross subsidy from other category of consumers. As such, while determining the tariff for BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP and below, the Commission has to consider the level of cross subsidization from other consumer categories and also the increase in the various cost components. Resultantly, it is not possible for the Commission to determine the tariff for the above categories restricting to the amount of subsidy allocated by the Government. Further, as per Section 62 of the EA, 2003, the Commission is required to determine the tariff. Therefore, the request of the Government to limit the tariff of these categories to match the amount of allocated subsidy would be against the decision of the Government in the

matter of providing free electricity supply to these categories vide its order 04.09.2008.

In the light of this, the Government shall fully meet the cost of such subsidized supply at the rate of Commission Determined Tariff in respect of for BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP & below. In case, the Government is not able to provide the subsidy to the extent of CDT approved by the Commission, then GoK shall direct the ESCOMs to regulate the power supply to the extent the subsidy provided.

5.2: LT-4(b)- Applicable to IP sets above 10 HP up to and inclusive of 10 HP.

HESCOM's Proposal:

LT-4(b): Applicable to IP sets above 10 HP up to and inclusive of 10 HP		
PARTICULARS	As Existing	As Proposed
Fixed Charges / HP /Month:		
Per HP	Rs.110/-	Rs.135/-
Energy Charges per kWh:		
For entire consumption	390 paise	380 paise

Commission's decision:

The Commission decides to revise the tariff for the category as below:

LT-4(b): Applicable to IP sets above 10 HP up to and inclusive of 10 HP	
PARTICULARS	As Approved by the Commission
Fixed Charges / HP / Month:	
Per HP	Rs.135/-
Energy Charges per kWh:	
For entire consumption	410 paise

5.3: LT-4(c)- Applicable to Pvt. Horticultural Nurseries, Coffee, Tea & Rubber plantations.

HESCOM's Proposal:

LT-4(c): Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations		
PARTICULARS	As Existing	As Proposed
Fixed Charges / HP / Month:		
Per HP	Rs.100/-	Rs.125/-
Energy Charges per kWh:		
For entire consumption	390 paise	380 paise

Commission's decision:

The Commission decides to revise the tariff for the category as below:

LT-4(c): Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations	
PARTICULARS	As Approved by the Commission
Fixed Charges / HP / Month:	
Per HP	Rs.135/-
Energy Charges per kWh:	
For entire consumption	425 paise

6. LT-5 : Industries:

HESCOM's Proposal:

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

LT-5: EXISTING TARIFF		
PARTICULARS	LT-5(a) Applicable to arrears under City Municipal Corporation	LT-5(b) Applicable to all areas other than those covered under LT-5(a)
Fixed Charges / HP / Month:		
For 5 HP & below	Rs.90/-	Rs.80/-
For above 5 HP & below 40 HP	Rs.100/-	Rs.95/-
For 40 HP & above but below 67 HP	Rs.125/-	Rs.120/-
For 67 HP & above but below 100 HP	Rs.190/-	Rs.175/-
For 100 HP and above	Rs.225/-	Rs.210/-
Energy Charges per kWh:		
0 to 500 Units	585 paise	575 paise
501 to 1000 Units	685 paise	670 paise
For the balance Units	715 paise	700 paise

LT-5: Demand Based Tariff (Optional) : EXISTING TARIFF		
PARTICULARS	LT-5(a) Applicable to areas under City Municipal Corporation	LT-5(b) Applicable to all areas other than those covered under LT-5(a)
Fixed Charges / KW / Month of billing demand:		
Above 5 HP & less than 40 HP	Rs.120/-	Rs.110/-
For 40 HP & above but below 67 HP	Rs.155/-	Rs.145/-
For 67 HP & above but below 100 HP	Rs.240/-	Rs.230/-
For 100 HP and above	Rs.255/-	Rs.245/-
Energy Charges per kWh:		
0 to 500 Units	585 paise	575 paise
501 to 1000 Units	685 paise	670 paise
For the balance Units	715 paise	700 paise

LT-5: ToD Tariff (at the option of consumers) – EXISTING		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

LT-5: PROPOSED TARIFF	
PARTICULARS	LT-5(a) Applicable for all areas
Fixed Charges / HP / Month:	
For below 40 HP	Rs.115/-
For 40 HP & above but below 67 HP	Rs.125/-
For 67 HP and above	Rs.250/-
Energy Charges per kWh:	
0 to 500 Units	575 paise
501 to 1000 Units	675 paise
For the balance Units	705 paise

LT-5: Demand Based Tariff (Optional) – As PROPOSED	
PARTICULARS	LT-5(a) Applicable for all areas
Fixed Charges / HP / Month:	
For below 40 HP	Rs.145/-
For 40 HP & above but below 67 HP	Rs.155/-
For 67 HP and above	Rs.300/-
Energy Charges per kWh:	
0 to 500 Units	575 paise
501 to 1000 Units	675 paise
For the balance Units	705 paise

LT-5: ToD Tariff (at the option of consumers) – PROPOSED (in Rs. Per unit)			
Time of Day		From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	Peak	1.00	1.50
10.00 Hrs to 15.00 Hrs	Off-peak	(-)0.75	(-)0.75
15.00 Hrs to 18.00 Hrs	Normal	0.00	0.00
18.00 Hrs to 22.00 hrs	Peak	1.00	1.50
22.00 Hrs to 24.00 Hrs	Normal	0.00	0.00
24.00 Hrs to 06.00 Hrs	Off-peak	(-)0.75	(-)0.75

Commission's Decision:

The Commission decides to rationalize the existing tariff structure of LT-5 category, as detailed below:

- (i) Merging LT-5(a) & LT-5(b) categories
- (ii) Reducing the fixed charge slabs to two from the existing five.
- (iii) Consequent to the merging of rural category under urban category, the Commission decides to extend a rebate 30 paise per unit to the consumers of village panchayat areas & Town Municipal Council Areas.
- (iv) As per the request of the ESCOMs, the Commission decides to classify "Transformer Repair Centre" installations under tariff schedule LT-5.
- (v) The Commission decides to include the "Data Centre" installations in the LT-5 tariff schedule.

LT-5: As Approved by the Commission	
PARTICULARS	LT-5(a) Applicable for all areas
Fixed Charges / HP / Month:	
Below 100 HP	Rs.140/-
100 HP and above	Rs.250/-
Energy Charges per kWh:	
0 to 500 Units	610 paise
Above 500 Units	710 paise

LT-5: Demand Based Tariff (Optional) : As Approved by the Commission	
PARTICULARS	LT-5(a) Applicable for all areas
Fixed Charges / KW / Month of billing demand:	
Below 100 HP	Rs.190/-
100 HP and above	Rs.300/-
Energy Charges per kWh:	
0 to 500 Units	610 paise / Unit
Above 500 Units	710 paise / Unit

LT-5: ToD Tariff (at the option of consumers) – As Approved by the Commission		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

Time of Day Tariff

In view of the discussions made in the earlier paras, the decision of the Commission, in its previous Tariff Orders, providing for mandatory Time of Day Tariff for HT2(a), HT2(b) and HT2(c) consumers with a contract demand of 500 KVA and above, is continued. The existing optional ToD will continue for HT2(a), HT2(b) and HT2(c) consumers with contract demand of less than 500 KVA. Further, for LT5 and HT1 consumers, the existing optional ToD is continued. The ToD Tariff which the Commission has approved in respect of EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC will continue to be in force, until further orders.

Accordingly, the Commission decides to continue the existing ToD Tariff structure without any modification.

Rebate to Micro & Small scale industries under LT-5 category:

In the Tariff Order 2022, the Commission has approved a Rebate of 50 paise per unit in Energy Charges to Micro & Small scale industries in order to mitigate the financial crisis faced due to present economic slowdown in the State on account of pandemic Covid-19. This Rebate was allowed for only 12 months.

In the public hearing conducted by the Commission relating to the tariff revision application of ESCOMs and also in the written submission, several consumer organizations have requested to continue the Rebate for sustenance of Micro & Small scale industries.

Considering the request, the Commission decides to continue the Rebate of 50 paise unit in Energy Charges to Micro & Small scale industries as certified by the Government of Karnataka for the consumers falling under Tariff Schedule LT-5, until further orders.

Rebate to Ice Manufacturing Units / Cold Storage plants used for fisheries purpose falling under HT-2a and LT-5 category:

In the Tariff Order 2022, the Commission has approved a Rebate of Re.1/- per unit in respect of Ice Manufacturing Units / Cold Storage plants used for fisheries purpose that are situated in the coastal belt area of Karnataka State within radius of 5 Kms from Sea only.

Karnataka Coastal Ice Plant & Cold Storage Owners' Association, in their written submission and also in public hearings, have brought to the notice of the Commission that a few Ice Manufacturing Units / Cold Storage plants are deprived of the Rebate benefit as they are situated outside the perimeter of 5 Kms from Sea.

Considering their contentions, the Commission decides to continue the Rebate of Re.1/- per unit in respect of Ice Manufacturing Units / Cold Storage plants used for fisheries purpose that are situated in the coastal belt area of Karnataka State within radius of 5 Kms from Sea and has also decides to extend the similar benefit to such plants which are situated beyond the perimeter of 5 Kms from Sea provided that such consumers have to submit a certification from the authorities of Fisheries Department that their activities are actually meant for fisheries purpose only.

7. LT-6 (a) Water Supply Installations, (b) Public Lighting (c) Electric Vehicle Charging Stations/ Battery Swapping Stations:

HESCOM's Proposal:

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

LT-6(a): Applicable to Water Supply Installations		
PARTICULARS	As Existing	As Proposed
Fixed Charges / HP / Month:		
For HP upto 67 HP	Rs.110/-	Rs.135/-
For every additional HP above 67 HP	Rs.215/-	Rs.240/-
Energy Charges per kWh:		
For entire consumption	500 paise	675 paise

LT-6(b): Public Lighting Installations		
PARTICULARS	As Existing	As Proposed
Fixed Charges / KW / Month:		
Per KW	Rs.125/-	Rs.150/-
Energy Charges per kWh:		
For entire consumption	665 paise	840 paise
Energy charges for LED/Induction Lighting	560 paise	735 paise

LT-6(c): Electric Vehicle Charging Stations/ Battery Swapping Stations (for Both LT & HT)		
PARTICULARS	As Existing	As Proposed
Fixed Charges / KW / Month:		
For KW upto 50 KW	Rs.70/-	Rs.95/-
For every additional KW above 50 KW	Rs.170-	Rs.195/-
For HT (per KVA / Month of billing demand)	Rs.200/-	Rs.225/-
Energy Charges per kWh:		
For entire consumption	500 paise	490 paise

LT-6(c): ToD Tariff for the EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC who have availed HT power supply for charging the Electric Motor Vehicles– EXISTING		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

LT-6(c): ToD Tariff – PROPOSED (in Rs. Per unit)			
Time of Day		From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	Peak	1.00	1.50
10.00 Hrs to 15.00 Hrs	Off-peak	(-)0.75	(-)0.75
15.00 Hrs to 18.00 Hrs	Normal	0.00	0.00
18.00 Hrs to 22.00 hrs	Peak	1.00	1.50
22.00 Hrs to 24.00 Hrs	Normal	0.00	0.00
24.00 Hrs to 06.00 Hrs	Off-peak	(-)0.75	(-)0.75

Commission's decision:

The Commission decides to revise the tariff for the category as below:

LT-6(a): Applicable to Water Supply Installations (Applicable to all areas)	
PARTICULARS	As Approved by the Commission
Fixed Charges / HP / Month:	
Upto and inclusive of 67 HP	Rs.175/-
For every additional HP above 67 HP	Rs.275/-
Energy Charges per kWh:	
For entire consumption	550 paise

LT-6(b): Public Lighting Installations (Applicable to all areas)	
PARTICULARS	As Approved by the Commission
Fixed Charges / KW / Month:	
Per KW	Rs.175/-
Energy Charges per kWh:	
For entire consumption	700 paise
Energy Charges for LED/Induction Lighting	600 paise

LT-6(c): Electric Vehicle Charging Stations/ Battery Swapping Stations (for Both LT & HT) (Applicable to all areas)	
PARTICULARS	As Approved by the Commission
Fixed Charges / KW / Month:	
Upto and inclusive of 50 KW	Rs.70/-
For every additional KW above 50 KW	Rs.170-
For HT (per KVA / Month of billing demand)	Rs.200/-
Energy Charges per kWh:	
For entire consumption	450 paise

In view of the discussions made in the earlier paras, the Commission decides to continue the existing ToD Tariff approved in respect of HT EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC will continue to be in force until further orders, as follows:

LT-6(c): ToD Tariff for the EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC who have availed HT power supply for charging the Electric Motor Vehicles– As Approved by the Commission.		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

8. LT 7- Temporary Supply & Permanent supply to Advertising Hoardings:

HESCOM's Proposal:

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

LT-7(a): Temporary Power Supply for all purposes		
PARTICULARS	As Existing	As Proposed
Less than 67 HP only	Energy charge at 1120 paise per unit subject to a weekly minimum of Rs.275 per KW of the sanctioned load.	Energy charge at 1110 paise per unit subject to a weekly minimum of Rs.300 per KW of the sanctioned load.

LT-7(b): Applicable to power supply to Hoardings & Advertisement boards on Permanent connection basis		
PARTICULARS	As Existing	As Proposed
Fixed Charges / KW / Month:		To merge this category with LT-3
Less than 67 HP only	Rs.150/-	
Energy Charges per kWh:		
For entire consumption	1120 paise	

Commission's decision:

The Commission decides to reclassify the consumers falling under LT-7(b) category under LT-3 tariff category as tariff schedule LT-3(b). The existing LT commercial consumers shall be classified as LT-3(a). Thus, tariff schedule LT-3(b) shall appear below LT-3(a) schedule, as below;

LT-3(b): Applicable to power supply to Hoardings & Advertisement boards on Permanent connection basis	
PARTICULARS	As Approved by the Commission
Fixed Charges / KW / Month:	
Less than 67 HP only	Rs.200/-
Energy Charges per kWh:	
For entire consumption	1050 paise

Further, by renaming LT-7(a) category as LT-7, the Commission has approved the revised tariff for the category as indicated below.

The temporary installations with sanctioned load / contract demand above 67 HP will continue under HT-5.

The Commission has also decided that the billing of LT-7 installations shall be on monthly basis, similar to other category of consumers, however, subject to the provisions of the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) (Eleventh Amendment), 2023.

LT-7: Temporary Power Supply for all purposes (Applicable to all areas)	
PARTICULARS	As Approved by the Commission
Fixed Charges / HP / Month:	
Less than 67 HP	Rs.200/-
Energy Charges per kWh:	
For entire consumption	1150 paise

HT Categories - Time of Day Tariff

In view of the discussions made in the earlier paras, the decision of the Commission in its earlier Tariff Orders, providing for mandatory Time of Day Tariff for HT2(a), HT2(b) and HT2(c) consumers with a contract demand of 500 KVA and above, is continued. The existing optional ToD will continue for HT2(a), HT2(b) and HT2(c) consumers with contract demand of less than 500 KVA. Further, for LT5 and HT1 consumers, the existing optional ToD is continued. The ToD Tariff which the Commission has approved in respect of EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC will continue to be in force until further orders.

9. HT-1- Water Supply & Sewerage**HESCOM's Proposal:**

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

HT-1: Water Supply and Sewerage Installations		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.250/-	Rs.275/-
Energy Charges per kWh:		
For entire consumption	560 paise	550 paise

HT-1: ToD Tariff (Optional) – EXISTING		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

HT-1: ToD Tariff – PROPOSED (in Rs. Per unit)			
Time of Day		From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	Peak	1.00	1.50
10.00 Hrs to 15.00 Hrs	Off-peak	(-)0.75	(-)0.75
15.00 Hrs to 18.00 Hrs	Normal	0.00	0.00
18.00 Hrs to 22.00 hrs	Peak	1.00	1.50
22.00 Hrs to 24.00 Hrs	Normal	0.00	0.00
24.00 Hrs to 06.00 Hrs	Off-peak	(-)0.75	(-)0.75

Commission's decision:

The Commission decides to revise the tariff for the category as below:

HT-1: Water Supply and Sewerage Installations (Applicable to all areas)	
PARTICULARS	As Approved by the Commission
Demand Charges / KVA / Month of billing demand:	
Per KVA	Rs.350/-
Energy Charges per kWh:	
For entire consumption	600 paise

10. HT-2(a) – HT Industries**HESCOM's Proposal:**

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

HT-2(a): Industries (Applicable for all areas)		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.265/-	Rs.290/-
Energy Charges per kWh:		
For the first 1 lakh units	735 paise	730 paise
For the balance units	760 paise	(for all units)

HT-2(a): Railway Traction (Applicable for all areas)		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.275/-	Rs.300/-
Energy Charges per kWh:		
For entire consumption	660 paise	650 paise

HT-2(a): Effluent Treatment Plants independently serviced outside the premises of any installation under HT2(a)		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.275/-	Rs.300/-
Energy Charges per kWh:		
For entire consumption	700 paise	690 paise

HT-2(a): ToD Tariff – EXISTING		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

HT-2(a): ToD Tariff – PROPOSED (in Rs. Per unit)			
Time of Day		From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	Peak	1.00	1.50
10.00 Hrs to 15.00 Hrs	Off-peak	(-)0.75	(-)0.75
15.00 Hrs to 18.00 Hrs	Normal	0.00	0.00
18.00 Hrs to 22.00 hrs	Peak	1.00	1.50
22.00 Hrs to 24.00 Hrs	Normal	0.00	0.00
24.00 Hrs to 06.00 Hrs	Off-peak	(-)0.75	(-)0.75

Commission's Decision:

The Commission decides to introduce a single slab by removing the existing two slabs in the energy charges.

The Commission as in pre paras decides to include the "Data Centre" installations in the HT-2(a) tariff schedule.

HT-2(a): Industries (Applicable for all areas)	
PARTICULARS	As Approved by the Commission
Fixed Charges / month / KVA of Billing Demand:	
Per KVA	Rs.350/-
Energy Charges per kWh:	
For entire consumption	740 paise

HT-2a: Railway Traction	
PARTICULARS	As Approved by the Commission
Fixed Charges / month / KVA of Billing Demand:	
Per KVA	Rs.350/-
Energy Charges per kWh:	
For entire consumption	700 paise
Note: (i) ToD Tariff is not applicable to Railway Traction installations. (ii) The Commission, by considering the concessional tariff extended to the Railway traction, decides that Special Incentive Scheme and ToD tariff shall not be extended to the Railway traction installations. However, they are eligible to avail the new "Discounted Energy Rate Scheme".	

HT2(a): Effluent Treatment Plants independently serviced outside the premises of any installation	
PARTICULARS	As Approved by the Commission
Fixed Charges / month / KVA of Billing Demand:	
Per KVA	Rs.350/-
Energy Charges per kWh:	
For entire consumption	700 paise
NOTE: ToD tariff is applicable to these installations, if the Special Incentive Scheme is not opted.	

11. **HT-2 (b) HT Commercial**

HESCOM's Proposal:

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

HT-2(b): Commercial (Applicable for all areas)		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.290/-	Rs.315/-
Energy Charges per kWh:		
For the first 2 lakh units	905 paise	900 paise
For the balance units	915 paise	(for all units)

HT-2(b): ToD Tariff – EXISTING		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

HT-2(b): ToD Tariff – PROPOSED (in Rs. Per unit)			
Time of Day		From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	Peak	1.00	1.50
10.00 Hrs to 15.00 Hrs	Off-peak	(-)0.75	(-)0.75
15.00 Hrs to 18.00 Hrs	Normal	0.00	0.00
18.00 Hrs to 22.00 hrs	Peak	1.00	1.50
22.00 Hrs to 24.00 Hrs	Normal	0.00	0.00
24.00 Hrs to 06.00 Hrs	Off-peak	(-)0.75	(-)0.75

Commission's Decision:

The Commission decides to introduce a single slab by removing the existing two slabs in the energy charges.

HT-2(b): Commercial (Applicable for all areas)	
PARTICULARS	Tariff approved by the Commission
Fixed Charges / month / KVA of Billing Demand:	
Per KVA	Rs.375/-
Energy Charges per kWh:	
For entire consumption	925 paise

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

12.1: HT-2(c)(i) Applicable to Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitals and Universities, Educational Institutions belonging to Government, Local Bodies and Aided Educational Institutions and Hostels of all Educational Institutions:

12.2: HT-2(c)(ii) Applicable to Hospitals and Educational Institutions other than those covered under HT2(c) (i)

HESCOM's Proposal:

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

HT-2(c)(i) (for all areas)		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.260/-	Rs.285/-
Energy Charges per kWh:		
For the first 1 lakh units	720 paise	715 paise
For the balance units	760 paise	(for all units)

HT-2(c)(ii) (for all areas)		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.265/-	Rs.290/-
Energy Charges per kWh:		
For the first 1 lakh units	820 paise	815 paise
For the balance units	860 paise	(for all units)

HT-2(c)(i) & HT-2(c)(ii) ToD Tariff – EXISTING		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

HT-2(c)(i) & HT-2(c)(ii) ToD Tariff – PROPOSED (in Rs. Per unit)			
Time of Day		From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	Peak	1.00	1.50
10.00 Hrs to 15.00 Hrs	Off-peak	(-)0.75	(-)0.75
15.00 Hrs to 18.00 Hrs	Normal	0.00	0.00
18.00 Hrs to 22.00 hrs	Peak	1.00	1.50
22.00 Hrs to 24.00 Hrs	Normal	0.00	0.00
24.00 Hrs to 06.00 Hrs	Off-peak	(-)0.75	(-)0.75

Commission's Decision:

The Commission decides to introduce a single slab by removing the existing two slabs in the energy charges:

HT-2(c)(i) (Applicable for all areas)	
PARTICULARS	Tariff approved by the Commission
Fixed Charges / month / KVA of Billing Demand:	
Per KVA	Rs.300/-
Energy Charges per kWh:	
For entire consumption	750 paise

HT-2(c)(ii) (Applicable for all areas)	
PARTICULARS	Tariff approved by the Commission
Fixed Charges / month / KVA of Billing Demand:	
Per KVA	Rs.350/-
Energy Charges per kWh:	
For entire consumption	850 paise

Applicable to HT-1 (optional), HT-2(a), HT-2(b), HT-2(c)(i) & HT-2(c)(ii) categories ToD Tariff As approved by the Commission		
Time of Day	From July to November (monsoon period)	From December to June)
06.00 Hrs to 10.00 Hrs	0	0
10.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100 Paise
22.00 Hrs to 06.00 Hrs	0	(-)100 Paise

13. HT-3(a) Lift Irrigation Schemes:

HESCOM's Proposal:

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

HT-3(a)(i): Applicable to LI Schemes under Government Departments / Government owned Corporations
As Existing
Energy charge at 315 paise per unit subject to annual minimum of Rs.1900/- per HP the sanctioned load.

HT-3(a)(ii): Applicable to all LI Schemes and Lift Irrigation Societies: fed through Express / Urban feeders	
PARTICULARS	As Existing
Fixed Charges / HP / Month:	
Per HP	Rs.110/-
Energy Charges per kWh:	
For entire consumption	315 paise

HT-3(a)(iii): Applicable to private LI schemes and Lift Irrigation Societies other than those covered under HT-3(a)(ii) above	
PARTICULARS	As Existing
Fixed Charges / HP / Month:	
Per HP	Rs.90/-
Energy Charges per kWh:	
For entire consumption	315 paise

HESCOM has proposed for merger of HT-3(a)(ii) and HT-3(a)(iii) consumer categories under one common category i.e., HT-3(a).

HT-3(a)(i): Applicable to LI Schemes under Government Departments / Government owned Corporations
As Proposed
Energy charge at 305 paise per unit subject to annual minimum of Rs.2200/- per HP the sanctioned load.

HT-3(a): Lift Irrigation	
PARTICULARS	As Proposed
Fixed Charges / HP / Month:	
Per HP	Rs.135/-
Energy Charges per kWh:	
For entire consumption	400 paise

HT-3(b): Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations	
As Existing	As Proposed
Energy charge at 515 paise per unit subject to annual minimum of Rs.1960/- per HP the sanctioned load.	Energy charge at 505 paise per unit subject to annual minimum of Rs.2260/- per HP the sanctioned load.

Commission's Decision:

The Commission decides to merge HT-3(a)(i), HT-3(a)(ii) and HT-3(a)(iii) consumer categories under one common category i.e., HT-3: "Lift Irrigation" and renumbered the existing HT-3(b) category as HT-6 with revision of tariff, as detailed below.

HT-3: Lift Irrigation (Applicable for all areas)	
PARTICULARS	Tariff approved by the Commission
Fixed Charges / month / HP:	
Per HP	Rs.150/-
Energy Charges per kWh:	
For entire consumption	350 paise

HT-6: Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations	
PARTICULARS	Tariff approved by the Commission
Fixed Charges / month / HP:	
Per HP	Rs.150/-
Energy Charges per kWh:	
For entire consumption	550 paise

14. HT4- RESIDENTIAL APARTMENTS/ COLONIES:

HESCOM's Proposal:

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

HT-4: Residential Apartments/ Colonies (Applicable for all areas)		
PARTICULARS	As Existing	As Proposed
Demand Charges / KVA / Month of billing demand:		
Per KVA	Rs.175/-	Rs.200/-
Energy Charges per kWh:		
For entire consumption	705 paise	695 paise

Commission's Decision:

The Commission decides to revise the fixed and energy charges for the categories, as below.

HT-4: Residential Apartments/ Colonies (Applicable for all areas)	
PARTICULARS	Tariff approved by the Commission
Fixed Charges / month / KVA of Billing Demand:	
Per KVA	Rs.300/-
Energy Charges per kWh:	
For entire consumption	725 paise

15. HT-5: Temporary Power Supply**HESCOM's Proposal:**

HT-5: Temporary Power Supply (Applicable for all areas)		
PARTICULARS	As Existing	As Proposed
Fixed Charges / month / HP:		
For entire sanctioned load	Rs.325/-	Rs.350/-
Energy Charges per kWh:		
For entire consumption	1120 paise	1110 paise

The Commission decides to revise the fixed and energy charges for the categories, as below.

HT-5: Temporary Power Supply (Applicable for all areas)	
PARTICULARS	Tariff approved by the Commission
Fixed Charges / month / HP:	
For entire sanctioned load	Rs.400/-
Energy Charges per kWh:	
For entire consumption	1150 paise

The Approved Tariff schedule for FY24 is enclosed in **Annexure– V** of this Order. **All other existing provisions / procedures / terms & conditions, which are not amended in this Order, will continue to be in force until further orders.**

6.7 Wheeling and Banking Charges:

HESCOM has proposed wheeling charges of 40.80 paise / Unit for HT network and 95.20 paise / Unit for LT network with a corresponding distribution loss of 4.78% and 7.72%.

Further, HESCOM has submitted that for RE sources wheeling energy to consumers with in the State and for captive RE including solar projects opting for RECs, the wheeling and banking charges as determined by the Commission from time to time shall be applicable.

As far as wheeling charges and banking facility for RE sources is concerned, the Commission notes that the 2018 order in the matter of banking is pending before

the Hon'ble Supreme court of India and the 2018 order on wheeling charges is pending before the Hon'ble High Court of Karnataka.

The Commission in the meanwhile had issued a discussion paper on wheeling charges and banking facility and considering the stakeholder's comments directed KPTCL/ ESCOMs to conduct a study in the matter. The study on Wheeling charges & Banking facility entrusted to Prayas, Pune by PCKL is completed and a public hearing on the above report was held by the Commission on 08.09.2022. The Commission would take appropriate action in the matter.

Further, the Central Government has notified the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022, which has become effective from 06.06.2022 and as envisaged under Rule-5, this Commission has notified the GEOA Regulations, which has come into effect from 19.01.2023. Regulation 11(1) of GEOA regulations specify that OA charges will be determined by the Commission considering the methodology specified by FoR under GEOA Rules. The FoR has finalised the methodology. In order to adopt the above methodology, certain amendments to MYT Regulations is necessitated and also it would take some time for the ESCOMs to collect the data necessary to compute various charges as per the FoR methodology. In the circumstances, the Commission has decided to continue the Transmission/Wheeling charges as per the methodology adopted in earlier orders, which shall be applicable to RE sources coming under GEOA Regulations also. In this regard the Commission vide letter dated 06.04.2023, regarding the OA charges under GEOA has communicated as follows:

' . . . Regulation 11(i) of KERC (Terms and Conditions for GEOA) Regulations, 2022 specify that the Open Access Charges shall be determined by the Commission considering the methodology specified by FoR. However, till the time the Commission adopts and determines the charges in accordance with the methodology specified by FoR, the KPTCL / SLDC / ESCOMs are directed to collect the following:

- i. The Transmission charges, wheeling charges, additional surcharge and Cross-subsidy surcharge in full, as determined by the Commission in its Tariff Orders issued from time to time.*

Note: Additional surcharge shall not be applicable, if full fixed charges of the licensee are being recovered through retail supply tariff and such full fixed charges are paid by the Open Access consumers.

- ii. Standby charges as per the Rules specified by the MoP;*
- iii. Banking charges as specified by FoR (8% of banked energy);*
- iv. Any other charges as determined by the Commission from time to time;*

Other applicable charges are listed below:

- a. Additional surcharge as determined by the Commission in its Tariff Order issued from time to time.*
- b. Monthly transaction charges of Rs. 3000 (Rupees Three Thousand only) for maintaining the transaction details,*
- c. Meter reading charges of Rs. 1000 (Rupees One Thousand only) per month, in case AMR meters having remote meter reading facilities are not functional,*
- d. Load despatch Centre fees and charges as determined by the Commission from time to time,*
- e. Scheduling and system operation charges as determined by the Commission from time to time,*
- f. Applicable Parallel operation charges as determined by the Commission from time to time,*
- g. Reactive power charges as determined by the Commission from time to time,*
- h. Deviation settlement charges as specified under the Regulations as amended from time to time,*
- i. Other charges as specified under the various KERC Regulations, if any.'*

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

6.7.1 Wheeling within HESCOM Area:

The Commission has considered the approved ARR pertaining to distribution wires business and has proceeded determining the wheeling charges as detailed in the following paragraphs:

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 indicated in the following Table:

**TABLE –
Wheeling Charges**

Distribution ARR-Rs. Crs.	1754.49
Sales-MU	12530.67
Wheeling charges- paise/unit	140.02
	Paise/unit
HT-network	42.00
LT-network	98.02

In addition to the above, the following technical losses are applicable:

Loss allocation	% loss
HT	4.532
LT	7.573

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

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

		paise/unit	
Injection point →		HT	LT
Drawal point ↓			
	HT	42(4.532)	140(12.11)
	LT	140(12.11)	98(7.573)

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 HESCOM network only.

6.7.2 Wheeling of Energy using Transmission Network or network of more than one licensee:

6.7.3 In case the wheeling of energy 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 including losses determined by the Commission shall be payable to the Transmission Licensee.
- ii. If the Transmission network and the ESCOMs' network is used, Transmission Charges shall be payable to the Transmission Licensee, in addition to transmission and distribution Licensee's technical loss and Wheeling Charges shall be payable to the ESCOMs where the power is drawn. Wheeling Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

Illustration 1:

If a transaction involves transmission network & HESCOM's network and 100 units is injected, then at the drawal point the consumer is entitled for 85.47 units, after accounting for Transmission loss of 2.764% & HESCOM's technical loss of 12.11%.

The Transmission charge in cash as determined in the Transmission Tariff Order shall be payable to KPTCL & Wheeling Charge of 140 paise per unit shall be payable to HESCOM. In case more than one ESCOM is involved, the above 140 paise shall be shared by all the ESCOMs involved.

- iii. If ESCOMs' network only is used, after deducting the ESCOMs technical loss 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 2:

If a transaction involves injection to BESCO's network & drawal at HESCOM's network, and 100 units is injected, then at the drawal point the consumer is entitled for 87.89 units, after accounting HESCOM's technical loss of 12.11%.

The Wheeling charge of 140 paise per unit applicable to HESCOM shall be equally shared between HESCOM & BESCO.

As the actual normal network charges depend upon the point of injection and point of drawal, the following broad guidelines may be followed by the licensees, while working out the charges:

Injection point →	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
Drawal point ↓						
KPTCL Network	Transmission charges & Losses as per KPTCL's Order	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn
BESCOM Network	Transmission charges & Losses as per KPTCL's Order and BESCOM's wheeling charges & Technical losses as per illustration-1 of BESCOM's Tariff Order	BESCOM's network charges and technical losses as per BESCOM's tariff order under the heading 'wheeling within BESCOM area' which again depends on point of injection or drawal	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order
MESCOM Network	Transmission charges & Losses as per KPTCL's Order and MESCOM's wheeling charges & Technical losses as per illustration-1 of MESCOM's Tariff Order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order under the heading 'wheeling within MESCOM area' which again depends on point of injection or drawal	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order
CESC Network	Transmission charges & Losses as per KPTCL's Order and CESC's wheeling charges & Technical losses as per illustration-1 of CESC's Tariff Order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order under the heading 'wheeling within CESC area' which again depends on point of injection or drawal	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order
HESCOM Network	Transmission charges & Losses as per KPTCL's Order and HESCOM's wheeling charges & Technical losses as per illustration-1 of HESCOM's Tariff Order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order under the heading 'wheeling within HESCOM area' which again depends on point of injection or drawal	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order
GESCOM Network	Transmission charges & Losses as per KPTCL's Order and GESCOM's wheeling charges & Technical losses as per illustration-1 of GESCOM's Tariff Order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order under the heading 'wheeling within GESCOM area' which again depends on point of injection or drawal

6.7.4 Charges for Wheeling of energy by RE sources (Non-REC & REC route) to Consumers in the State

The charges shall be as specified under GEOA Regulations for projects coming under the purview of GEOA Regulations. For other projects the charges for wheeling shall be as per the orders issued by the Commission from time to time.

6.7.5 Charges for Wheeling of energy by RE sources, Wheeling Energy from the State to consumers/others outside the State

In case the renewable energy is wheeled from the State to a consumer or others outside the State, the normal wheeling charges as determined in para 6.8.1 and 6.8.3 of this Order shall be applicable.

6.7.6 Banking Charges for RE sources:

The charges shall be as specified under GEOA Regulations for projects coming under the purview of GEOA Regulations. For other projects Banking Charges as determined in the separate Orders issued by the Commission from time to time, shall be applicable.

6.7.7 Cross Subsidy Surcharge [CSS]:

For FY24 HESCOM has proposed the following CSS based on MYT Regulations adopting methodology specified in Tariff Policy, 2016:

	Paise / Unit						
Voltage level	HT-1	HT-2a	HT-2b	HT-2C (i)	HT-2C (ii)	HT-4	HT-5
66kV & above	148	199	253	184	220	165	360
HT-11kV or 33 kV	29	199	253	184	220	165	360

Commission's Observations:

HESCOM shall furnish the working details of the proposed cost of supply at 66 kV & above voltage level and at HT level.

HESCOM Reply

HESCOM in its replies as furnished the following details:

Sl. No.	Voltage / Consumer category	Cost of Generation & Power purchase in Rs / unit	Wheeling / Transmission charges (EHT) in Rs/ unit	Wheeling / distribution charges (HT) in Rs / unit	Wheeling / distribution charges (LT)	Cost at each interface Points in Rs / unit
1	EHT (220kV/ 66kV)	4.45	0.69	0.00	0.00	5.1436
2	HT(11kV)	4.40	0.68	1.25	0.00	6.3358

The Commission notes that, HESCOM instead of considering the average power purchase cost has considered different PPC for different voltages. Further, while computing the power purchase cost, HESCOM has not considered the relevant voltage level losses.

While, the Commission notes the reply furnished by the HESCOM, the determination of cross subsidy surcharge by the Commission is discussed in the following paragraphs: -

The Commission in its Regulations has adopted the formula as per Tariff Policy, 2016, for computing the CSS which is as indicated below:

$$S=T-[C/(1-L/100) + D + R]$$

Where

S is the Surcharge

T is the tariff Payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

As there is no regulatory asset in FY24, the cost of carrying the regulatory asset is considered as zero.

Based on the methodology specified in its MYT and OA Regulations, and adopting the formula stated supra, the category wise cross subsidy surcharge will be as indicated in the following Table:

a. EHT & HT categories

Tariff category	Category Tariff 'T' (Avg. of ESCOMs)	State Average Cost of supply @ 66 kV and above level* C/(1-L/100)+D+R]	State Average Cost of supply at @ HT level** C/(1-L/100)+D+R]	Paise/unit		
				Cross subsidy surcharge paise/unit @ 66 kV & above level as per formula	Cross subsidy surcharge paise/unit @ HT level as per formula	20% of tariff payable by relevant category-paise/unit
1	2	3	4	5	6	7
				(2-3)	(2-4)	20% of (2)
HT-1 Water Supply	699	629.30	685.60	69.70	13.40	139.80
HT-2a Industries	1025	629.30	685.60	395.70	339.40	205.00
HT-2b Commercial	1399	629.30	685.60	769.70	713.40	279.80
HT-2 (C) (i)	930	629.30	685.60	300.70	244.40	186.00
HT-2 (C) (ii)	1146	629.30	685.60	516.70	460.40	229.20
HT3 Lift Irrigation	544	629.30	685.60	-85.30	-141.60	108.80
HT6 Irrigation & Agricultural Farms	549	629.30	685.60	-80.30	-136.60	109.80
HT-4 Residential Apartments	953	629.30	685.60	323.70	267.40	190.60
HT5 Temporary	1657	629.30	685.60	1027.70	971.40	331.40

* Includes weighted average power purchase costs of 526.51 paise/unit, transmission charges of 87.49 paise/unit and transmission losses of 2.82% including commercial losses at EHT.

** Includes weighted average power purchase costs of 526.51 Paise per unit, transmission charges of 87.49 Paise per unit and transmission losses of 2.82% including commercial losses at EHT, HT distribution network / wheeling charges

of 37.52 Paise/unit and HT distribution losses of 3.35% including commercial losses at HT.

Note: The carrying cost of regulatory asset of transmission licensee for the current year is zero.

b. LT Categories

Paise/unit				
Tariff category	Category Tariff paise/unit 'T' (Avg. of ESCOMs)	State Average Cost of supply @ LT level* paise/unit $C/(1-L/100)+D+R]$	Cross subsidy surcharge paise/unit @ LT level as per formula	20% of tariff payable by relevant category-paise/unit
1	2	3	5	7
LT-1 subsidised	892	815.58	76.42	178.40
LT-1 Non-subsidised	638	815.59	-177.59	127.60
LT2a Domestic	947	815.59	131.41	189.40
LT2b Pvt. Institutions	1100	815.59	284.41	220.00
LT3 Commercial	1199	815.59	383.41	239.80
LT-4a	647	815.59	-168.59	129.40
LT4b IP>10HP	899	815.59	83.41	179.80
LT4c Pvt. Nurseries	1054	815.59	238.41	210.80
LT5 Industrial	1137	815.59	321.41	227.40
LT6 Water Supply	748	815.59	-67.59	149.60
LT6 Public lighting	840	815.59	24.41	168.00
LT-6 EV charging	458	815.59	-357.59	91.60
LT7 Temporary Supply	2552	815.59	1736.41	510.40

* Includes weighted average power purchase costs of 526.51 Paise per unit, transmission charges of 87.49 Paise per unit and transmission losses of 2.82% including commercial losses at EHT, HT distribution network / wheeling charges of 37.52 Paise/unit, HT distribution losses of 3.35% including commercial losses at HT and LT distribution network / wheeling charges of 87.54 Paise/unit, LT distribution losses of 7.04% including commercial losses at LT

Note: The carrying cost of regulatory asset of transmission licensee for the current year is zero

As per the Tariff Policy 2016, while limiting the CSS so as not to exceed 20% of the tariff applicable to relevant category, the CSS (after rounding off to nearest paise) is determined as per the following table:

a. EHT & HT categories

Paise/unit

Particulars	66 kV & above	HT level-11 kV/33kV
HT-1 Water Supply	70	13
HT-2a	205	205
HT-2b Commercial	280	280
HT-2 (C) (i)	186	186
HT-2 (C) (ii)	229	229
HT3	0	0
HT6 Irrigation & Agricultural Farms	0	0
HT-4 Residential Apartments	191	191
HT5 Temporary	331	331

Note: wherever CSS is one paise or less, it is made zero

b. LT categories

Paise/unit

Particulars	LT level
LT1 SUBSIDISED	76
LT1 NON-SUBSIDISED	0
LT2a	131
LT2b	220
LT3	240
LT4a	0
LT4b	83
LT4c	211
LT5	227
LT-6 WS	0
LT-6SL	24
LT-6 EV charging	0
LT7	510

Note: wherever CSS is one paise or less, it is made zero

The cross-subsidy surcharge determined in this order shall be applicable to all open access/wheeling transactions in the area coming under BESCOM. However, the above CSS shall not be applicable to captive generating plant for carrying electricity to the destination of its own use and for those renewable energy generators who have been exempted from CSS by the specific Orders of the Commission.

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.

The detailed calculation sheet of CSS is enclosed as **Annexure-4**.

6.8 Additional Surcharge (ASC):

HESCOM has worked out additional surcharge of 121 paise / unit based on FY-22 actuals and 94 paise/unit based on proposed ARR for FY24. The Commission in its previous tariff order, has considered the data as approved for the year for which tariff is determined. Therefore, **HESCOM shall confirm the ASC to be levied for FY24.**

As regards to additional surcharge, the Commission notes that, in Appeal No.260/2018 and 43/2021, the Hon'ble ATE in its order dated, 15.09.2022, as directed the Commission to bear in mind the submissions made by the Appellants, as and when the Commission sets about to pass an order in the matter and also to keep in mind the guidance on the subject provided not only by the NTP but also the Regulations framed by the Commission, wherein the muster prescribed is "conclusive demonstration on existence of factors justifying such levy". The said order is available on the ATE's Website. **Keeping in view the observations of the Hon'ble ATE, CESC shall conclusively demonstrate and furnish the details of stranded costs involved to justify the claim of additional surcharge. In the absence of full details of the stranded costs to justify the Additional Surcharge, it would not be possible for the Commission to determine the Additional surcharge, so as to comply with the Orders of the Hon'ble ATE.**

The relevant extract of the Orders of the Hon'ble ARE is as under:

7. *"It is the contention of the appellants that most basic data that is essential to be gathered examining whether or not there is any stranded capacity on account of the drawal of power by the open access customers from other sources comprises the information as*

to the extent to which the licensees were compelled to back down any long term power source during the time blocks when there was open access concession, the distribution licensees were constrained to procure power on short term basis, and the distribution licensee had to take resort to power cuts or regulate the power supply in the State this being indicative of insufficient availability of power to meet the actual demand.

8. *In the submissions of the appellants, in order to examine and compute the claim of stranded capacity and computation of additional surcharge, information as to open access consumption, unscheduled capacity short term power purchase and power cuts imposed, if any, on time block basis is sine qua non. The submission is that since such exercise was not undertaken by the Commission, it cannot be said that the distribution licensees had conclusively demonstrated their case for approval of the rate proposed for determination of the additional surcharge."*

HESCOM's Reply:

HESCOM has submitted that the ASC is proposed considering the provisions of EA 2003, NEP, NTP, KERC Regulations, Orders of the Hon'ble Supreme Court and the APTEL, to meet the stranded fixed cost of obligation of HESCOM arising out of its obligation to supply power.

Commission's views and decision:

The Commission keeping in view the orders of the Hon'ble ATE, vide its letter dated 19.01.2023 and 09.02.2023, had directed the PCKL to furnish month-wise consolidated data of standard capacity based on 15-minutes' time-block data and the open access capacity for the month along with the average month-wise fixed cost / MW. Accordingly, the PCKL submitted the data vide its letter dated 16.03.2023. The consolidated data furnished by PCKL is as follows:

MONTH	Capacity stranded MW	Open Access capacity including wheeling for the month (MW)	Average fixed cost for the month Rs/MW
Apr-21	2333	649	1151932
May-21	2957	666	1173102
Jun-21	2092	818	1111461
Jul-21	2111	868	1120003
Aug-21	3149	835	1058383
Sep-21	4280	851	976678
Oct-21	2590	798	1021783
Nov-21	3043	780	1215063
Dec-21	2042	753	979290
Jan-22	1197	758	1183060
Feb-22	2997	996	969827
Mar-22	2555	970	1060280
TOTAL	2612	812	1085072

The Commission notes that while arriving at the above data PCKL has considered total backed down data based on 15-minutes' time-block-wise MW-data. Also the month-wise open access energy is considered to arrive at the month-wise open access capacity in MW. The Commission has relied upon the above data furnished by PCKL to arrive at the additional surcharge.

The Commission has compared the stranded capacity with the open access capacity and has considered lower of the stranded capacity and open access capacity to arrive at the stranded cost attributable to the open access transactions. Accordingly, the Commission has worked out the Additional surcharge as follows:

Month	Capacity stranded MW	Open Access capacity including wheeling for the month (MW)	Stranded Capacity attributed to OA transactions- (MW)	Average fixed cost for the month Rs/MW	Stranded Cost attributed to OA transactions – Rs. 6=(5x4)
1	2	3	4	5	
Apr-21	2333	649	649	1151932	747603868
May-21	2957	666	666	1173102	781285932
Jun-21	2092	818	818	1111461	909175098
Jul-21	2111	868	868	1120003	972162604
Aug-21	3149	835	835	1058383	883749805
Sep-21	4280	851	851	976678	831152978
Oct-21	2590	798	798	1021783	815382834
Nov-21	3043	780	780	1215063	947749140

Dec-21	2042	753	753	979290	737405370
Jan-22	1197	758	758	1183060	896759480
Feb-22	2997	996	996	969827	965947692
Mar-22	2555	970	970	1060280	1028471600
TOTAL	2612	812	812	1085072	10516846401
OA / Wheeling Cons. In MU as per PCKL	7102.33				
Addl. Surcharge (Rs. / unit)	1.48				

Accordingly, the Commission determines the ASC for FY24 of Rs. 1.48 /Unit which shall be applicable to all open access transactions other than for captive use.

6.9 Other Issues:

i) Tariff for Green Power:

In order to encourage generation and use of green power in the State, the Commission decides to continue **the existing Green Tariff of 50 paise per unit as the additional tariff over and above the normal tariff to be paid by HT-consumers, who opt for supply of green power from out of the renewable energy procured by distribution utilities over and above their Renewable Purchase Obligation (RPO). The Commission directs ESCOMs to give wide publicity about the availability of RE power through newspapers/ media/ interaction meeting with the industrial consumers.**

ii) Withdrawal of Rebate for use of Solar Water Heater:

The Distribution Licensees have requested the Commission to discontinue the Solar water heater rebate to the consumers. During the public hearing, some of the consumers have requested the Commission to withdraw the solar rebate extended for the installation of solar water heater. Some of the consumers have requested to increase the Rebate on Solar water heaters. The Commission, by considering mandatory installation of Solar heaters as per Government of Karnataka order, financial impact on ESCOMs and the availability of surplus power due to the commissioning of RE power projects in the State as made out

in pre paras, **decides to withdraw the existing rebate for use of solar water heaters under tariff schedule LT2(a).**

iii) Prompt payment incentive:

The Commission has approved incentive for bill payment at the rate of 0.25% of bill in respect of:

- (i) monthly bill exceeding Rs.1,00,000 (Rs.one lakh), where payment is made 10 days in advance of due date and
- (ii) advance payment exceeding Rs. 10,000 made by the consumers towards monthly bills.

However, as discussed in pre paras, the Commission decides to discontinue the prompt payment incentive towards payment of bills through ECS.

iv) Relief to Sick Industries:

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

v) Power Factor:

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

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

HT Category: 0.90

vi) Rounding off of KW / HP:

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

vii) Interest on delayed payment of bills by consumers:

The Commission, in its previous Orders had approved collection of interest on delayed payment of bills at 12% per annum. The Commission with a view to achieve the 100% collection efficiency in recovery of revenue demand to reduce the financial burden of ESCOMs and to bring in discipline among the defaulting consumers, decides to continue the same rates in this Order also.

viii) Security Deposit (3 MMD/ 2 MMD):

The Commission had issued the 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.

ix) Mode of Payment by consumers:

The Commission, in its previous Tariff Order had approved payment of electricity bills in cash/cheque/DD of amounts up to and inclusive of Rs. 10,000 and payment of amounts exceeding Rs. 10,000 to be made only through cheque. The consumers could also make payment of power bills through Electronic Clearing System(ECS)/ Credit card/ online E-payment up to the limit prescribed by the RBI, and the collection of power supply bills above Rupees One lakhs through RTGS / NEFT at the option of the consumer **subject to informing the payment details to the concerned sub-division.**

The Commission, as decided in the Tariff Order 2018 dated 14th May, 2018, in order to encourage the consumers to opt for digital payments in line with the direction of the Ministry of Power (MOP), Gol, decides to continue to allow HESCOM to collect payment of monthly power supply bill through **Electronic clearing system (ECS)/ Debit / Credit cards / RTGS/ NEFT/ Net Banking through ESCOMs / Bank/ Bangalore One and Karnataka One websites, on-line E-Payment / Digital mode of payments in line with the guidelines issued and the payment up to the limit prescribed by the RBI wherever such facility is provided by the Licensee and allow HESCOM to incur and claim the expenditure on such transaction in the ARR. However, the Commission decides to allow HESCOM to incur the expenditure on the payment for power supply bills received through Debit / Credit Cards having demand up to Rs.2000 and below only.**

x) Cross Subsidy Levels for FY24:

The Hon'ble Appellate Tribunal for Electricity (ATE), in its Order dated 8th October, 2014, in Appeal No.42 of 2014, has directed the Commission to clearly indicate the variation of anticipated category-wise average revenue realization with respect to overall average cost of supply in order to implement the requirement of the Tariff Policy that tariffs are within $\pm 20\%$ of the average cost of supply, in the tariff orders being passed in the future. It has further directed the Commission to also indicate category-wise cross subsidy with reference to voltage-wise cost of supply so as to show the cross subsidies transparently.

In the light of the above directions, the variations of the anticipated category-wise average realization with respect to the overall average cost of supply and also with respect to the voltage-wise cost of supply of HESCOM and the cross subsidy thereon, is indicated in ANNEXURE- 3 of this Order. It is the Commission's endeavour to reduce the cross subsidies gradually as per the Tariff policy.

xi) Date of Effect of Revised Tariff:

- a. As per the KERC (Tariff) Regulations 2000, read with the 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 HESCOM has filed its applications for revision of tariff on or before 30th November, 2022.

- b. To enable the HESCOM to recover the revenue gap determined as per of this Order, the Commission decides that, the revised tariff for the energy consumed, shall be given effect, from the 1st meter reading date falling on or after 1st of April 2023.

A statement indicating the proposed revenue and approved revenue is enclosed vide **Annexure-3** and detailed tariff schedule is enclosed vide **Annexure-5 respectively**.

6.10 Summary of the Tariff Order:

The following is summary of the Tariff Order 2023:

- ❖ The Commission has approved the revised ARR for HESCOM of Rs.10889.60 Crores for FY24, which includes the revenue deficit of Rs.1537.18 Crores for FY22 as per APR, with the net gap in revenue of Rs.876.29 Crores. This is against HESCOM's proposed ARR of Rs.12100.00 Crores and a gap of Rs.1904.93 Crores.
- ❖ HESCOM, in its tariff application dated 30.11.2022 had proposed an average increase in the tariff by of 148 paise per unit for all categories of consumers resulting in average increase in retail supply tariff by 18.68%. The Commission has approved an average increase of 70 paise per unit. The average increase in retail supply tariff of all the consumers in HESCOM for FY24 is 8.75%.
- ❖ The Commission has allowed recovery of approved revenue gap of Rs.876.29 Crores with an average increase of 70 paise per unit (seventy paise) by appropriately increasing the demand and energy charges payable by the consumers.
- ❖ The Commission has introduced the non-telescopic tariff for LT2 Domestic category of consumers.

- ❖ The Commission under LT / HT has merged Urban and Rural categories into single category.
- ❖ The Commission has merged the HT-3(a)(i), HT-3(a)(ii) & HT-3(a)(iii) tariff categories and reclassified as HT-3(a) tariff schedule.
- ❖ The Commission has reclassified the consumer under LT-7(b) tariff schedule under LT-3 (b) tariff schedule with increase in energy charges.
- ❖ The tariff schedule HT-3(b) is renamed as HT-6 Tariff schedule.
- ❖ The Commission to promote the use of eco-friendly Electric Motor Vehicle in the State in line with the Policy of the Gol / GoK, **has reduced the energy charges to the Electric Vehicle Charging Stations including the Electric Vehicle battery swapping Stations under LT-6 tariff category from the existing energy charges of Rs.5.00 per unit to Rs.4.50 per unit, without increasing the fixed / demand charges.**
- ❖ The Commission decides to extend the concession of 50 paise per unit in the Energy Charges for the electricity consumed by the Micro and Small Scale Industries for a further period of 12 months only to LT-5 category as certified by the Government.
- ❖ The Commission decides to extend concession of Re.1 per unit in the energy charges for the consumption made during the year in addition to the concession in the Fixed charges/demand charges already extended to the installations of Ice manufacturing units / cold storage plants used for fisheries purpose, situated in the coastal belt area of Karnataka State within a radius of 5 Kms. from Sea only. **If the installation of Ice manufacturing units / cold storage plants used for fisheries purpose, situated in the coastal belt area of Karnataka State beyond radius of 5 Kms from Sea, the concession approved by the Commission shall also be extended on production of certificate issued by the Fisheries Department.**
- ❖ The existing ToD tariff is continued.

- ❖ The TOD tariff approved by the Commission is also applicable for the power supply availed in the Depots of the HT installation of BMTC / KSTRC / NEKRTC / NWKRTC for charging their Electric Motor Vehicle under LT6(c) tariff schedule.
- ❖ **In order to encourage sale of surplus energy, the Commission has continued the “Discounted Energy Rate Scheme” by reducing the energy charges from the existing Rs.6.00 per unit to Rs.5.00 per unit for the HT2(a) (b) and (c) categories for usage of power beyond the base consumption until further order.**
- ❖ **The Commission decides to extend the DERS scheme to LT Industrial and LT Commercial consumers also.**
- ❖ The Commission, in order to increase the energy sales and to attract the consumers to consume power from ESCOMs, has decided to continue the existing “**Special Incentive Scheme**” to HT category until further order.
- ❖ The Commission has decided to continue the concessional tariff to the Railway Traction installations.
- ❖ The Commission has decided to continue Green tariff of additional 50 paise per unit over and above the normal tariff at their option, for HT industries and HT commercial consumers to promote purchase of renewable energy from ESCOMs.
- ❖ The Commission has continued to provide a separate fund for facilitating better Consumer Relations / Consumer Education Programmes.
- ❖ The Commission has issued a new directive to link the Aadhaar card no. with RR Numbers of IP sets to regulate payment of subsidy by the Government.
- ❖ As per directive issued to the ESCOMs, the Commission, would continue to impose penalty up to Rupees one lakh per sub-division on ESCOMs, if the

field officers do not conduct Consumer Interaction meetings, at least once in three months and such penalty would be payable by the concerned officers of the ESCOM.

- ❖ The Commission has decided to recover the revenue gap determined as per Chapter-5 of this Order, in the revised retail supply tariff effective from the 1st meter reading date falling on or after 1st of April 2023.

ORDER

1. **In exercise of the powers conferred on the Commission under Sections 62 and 64 and other provisions of the Electricity Act, 2003, the Commission hereby approves the ARR as per APR for FY22 and determines the ARR for FY24 and notifies the retail supply tariff of HESCOM for FY24 as stated in Chapter-6 of this Order.**
2. **The tariff determined in this order shall be applicable to the electricity consumed from the first meter reading date falling on or after 1st April, 2023.**
3. **This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru this day, the 12th of May, 2023.**

Sd/-
(P. Ravi Kumar)
Chairman

Sd/-
(H.M. Manjunatha)
Member (Legal)

Sd/-
(M.D.Ravi)
Member