

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION

BANGALORE

OP No. 29/2025

IN THE MATTER OF:

The proposal of ESCOM for levying Additional Surcharge on Open Access consumers

BETWEEN

Bangalore Electricity Supply Company
K.R.Circle, Bangalore-560001

..... THE PETITIONER

AND

NIL

..... THE RESPONDENT

INDEX

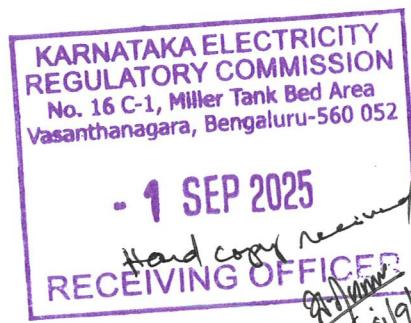
Sl No.	Particulars	Page No.
1	Petition with verifying Affidavit	1-5
2	Annexures	6-220

Place: BANGALORE

Date: 24.08.2025

For BESCOM

Director Finance
BESCOM, Corporate Office,
Bangalore.



**BEFORE THE KARNATAKA ELECTRICITY REGULATORY
COMMISSION, BANGALORE**
OP No. 29/2025

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K.R.Circle, Bangalore-560001

..... **THE PETITIONER**

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..... **THE RESPONDENT**

Petitioner under Sections 61 & 62 of Electricity Act, 2003, and under section 27 of Karnataka Electricity Reforms Act, 1999 read with relevant KERC (Tariff) Regulations including KERC (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations, 2024, dated 24.06.2024.

BESCOM RESPECTFULLY SUBMITS THAT

The Petitioner, BESCOM is a company incorporated under the provisions of the Indian Companies Act 1956, with its registered office at K. R. Circle, Bangalore-560001.

1. The Petitioner is a Distribution Licensee granted license by the Karnataka Electricity Regulatory Commission under Section 14 of the Electricity Act (hereinafter referred to as the "Act"). The Petitioner is responsible for power distribution in 8 districts of Karnataka and covers an area of 41092 Sq. Kms. with a population of over 207 lakhs.
2. In accordance with KERC (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations, 2024, dated 24.06.2024, the Petitioner has filed its application for determination of additional surcharge for FY-26.
3. The Petitioner in addition to its above said tariff application, is filing this petition on the material impact on its tariff and functioning and also to ensure specific deliberation thereon:

Additional Surcharge applicable to Open Access Consumers:

The Electricity Act 2003 Section 42 (4) provides for recovery of Additional

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Surcharge:

*"42(4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, **to meet the fixed cost of such distribution licensee arising out of his obligation to supply**".*

The Section 8.5.4 of the Tariff Policy 2016 also provides for recovery of such costs through Additional Surcharge:

*"The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, **or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract**".*

Hence, in our humble submission, to prevent undue burden on the direct consumers, there is need for determining the Additional Surcharge to ensure recovery of all the components other than the Cross Subsidy which would become unavoidable obligation and incidence to bear fixed costs consequent to consumers migrating on Open access. These components are further analyzed below:

On the one hand, ESCOMs have tied up considerable quantum of power, after approval of the Commission, by considering the overall growth; and on the other hand, the Open Access (OA) users, who are now buying considerable quantum of power under OA, are not availing power supply from BESCOM. As a result, the generation capacity tied up by ESCOMs remains idle. In this situation, ESCOMs needs to back down the generation and also has to pay Fixed Charges (or Capacity Charges) to the Generators as per the terms and conditions of the PPAs irrespective of utilization of generation. The burden of fixed cost is affecting the consumers who are buying power from BESCOM. Hence, to mitigate this, it would be appropriate to determine an Additional Surcharge for OA consumers, as per

*Director Finance
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Section 42 of the EA, 2003, Section 8.5.4 of the Tariff Policy, 2016, Clause 5.8.3 of the National Electricity Policy.

BESCOM has submitted the following methodology for computation of Additional Surcharge for FY-26 based on KERC(Terms and Conditions for Open Access) Regulations, 2025 dated 26.03.2025 and as directed at para 6.13.6 of Commission's Tariff Order-2025, dated 27.03.2025.

In the regulation, it is provided that the additional Surcharge has to be computed as below:

$$\text{Additional surcharge (Rs./kWh)} = \frac{\text{Cost of Stranded Power (Rs. Crores)} * 10}{\text{Open Access Energy in MU}}$$

Where,

The cost of Stranded power= (Quantum of power backed down/ surrendered in MW or Quantum of open access power in MW in the previous year, whichever is lower)*Per Unit Fixed Cost of Power Purchase (Rs.Cr/MW).

The Quantum of power backed down/ surrendered in MW or Quantum of open access power in MW in the previous year details were collected from SLDC and other ESCOMs as per the stipulated format, provided in the KERC(Terms and Conditions for Open Access) Regulations, 2025 dated 26.03.2025.

Additional surcharge computation done as below:

- The details of available capacity and scheduled capacity of all the thermal stations was obtained from SLDC.
- The IEX details for FY-25 of all ESCOMs was consolidated by SLDC.
- The wheeling / Open access details of ESCOMs was obtained from each ESCOM.
- The energy in MU was converted to MW for computation purpose.
- The capacity charges of thermal stations for FY-25 as per the Tariff Order 2024, dated 28.02.2024 is considered

The detailed computations as in the formats stipulated in the regulations are enclosed in the Annexure.

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Bangalore.

The consolidated calculation details are as shown below:

Cost of Stranded Power for the year(S) (Rs Crores) =	H* per unit FC of PP (Rs. Crore/MW)
Cost of Stranded Power for the year(S) (Rs Crores) =	1028.29 Crs
Additional Surcharge (AS) (Rs./kWh)=	S*10/OA Energy in MU
Additional Surcharge (AS) (Rs./kWh)=	1.65

PRAYER

In lieu of the above, the petitioner prays this Hon'ble Commission be pleased to consider and allow the following proposals:

- To approve the Additional Surcharge of Rs. 1.65 per unit to be applicable to FY-26 with effect from 1st April 2025 to all the Open Access consumers

Place: Bengaluru

Date: .08.2025

For BESCOM
Director Finance
BESCOM, Corporate Office,
Bangalore.

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VERIFYING AFFIDAVIT

I, Sri Mahadeva s/o Gurulingappa, aged about 58 years, working as Director (Finance), having office at Corporate Office, BESCOM, K.R. Circle, Bangalore 560 001 do hereby solemnly affirm and state on oath as follows:-

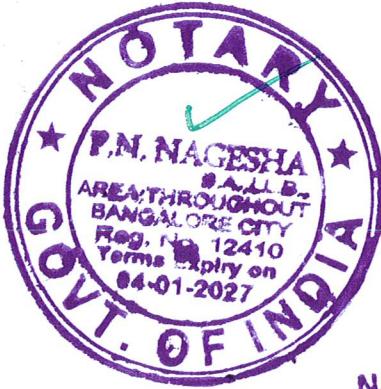
1. I say that I am the Authorized Representative for the Bangalore Electricity Supply Company Ltd and I am competent to swear the present affidavit
2. I hereby verify the contents in the petition are true and correct to the best of my knowledge, information and belief.
3. All that is stated in this affidavit is true and correct to the best of my knowledge, information and belief.

Place: BANGALORE

Date: 24.08.2025

DEPONENT

Director Finance
BESCOM, Corporate Office,
Bangalore.



No. OF CORRECTIONS: ONE

SWORN TO BEFORE ME

P.N. NAGESHA, B.A., LL.B.,
ADVOCATE & NOTARY
GOVT. OF INDIA
10/5, 1st Floor, 8th Cross, Vittal Nagar,
GEF Post, Mysore Road, Bengaluru-560 026

24-8-2025

