



HUBLI ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Govt. of Karnataka undertaking)

NOTIFICATION

BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION, No.16, C-1, MILLERS TANK BED AREA, VASANTHANAGAR, BANGALORE – 560 052

No.HESCOM/DF/CA/DCA/AO(RA)/2025-26/CYS-5416,

Dated:11.09.2025

IN THE MATTER OF:

Review Petition RP08/2025 before the Hon'ble Commission for tariff modification with respect to Irrigation Pump sets, Commercial and Industrial tariff categories.

**Hubli Electricity Supply Company Limited (HESCOM),
Navanagar, Hubballi- 580 025 & all other ESCOMs.**

..... PETITIONER

NOTICE

Hubli Electricity Supply Company (HESCOM) along with other ESCOMs, has filed a Review Petition RP08/2025 before the Hon'ble Commission for tariff modification with respect to Irrigation Pump sets, Commercial and Industrial tariff categories.

The details of tariff modifications are as under:

The Government of Karnataka, in its Budget for FY 2025-26 which was announced on 07.03.2025, had allocated Rs. 16,021 Crores as subsidy for IP Sets.

The Hon'ble Karnataka Electricity Regulatory Commission have passed the Tariff Order-2025 on 27.03.2025 to be effective for FY 2025-26. In the Tariff Order, the tariff fixed for energy consumption for IP set is Rs. 8.30 per unit as against the previous year's per unit rate of Rs. 6.81, resulting in the total subsidy requirement for all ESCOMs towards the IP set category Rs. 20,640 Crores for approved sales. This resulted in a shortfall of subsidy as compared to the budgetary allocation of the GoK.

Every year as a policy, the GOK is announcing the subsidy to provide towards agriculture consumers. For FY 25-26, the GOK has announced Rs. 16,021 Crores as IP Subsidy in the State Budget. The State budget provisions are incorporated initially in the Finance Bill and thereafter in the Act. While determining the tariff and announcing the same, this Hon'ble Commission appears not to have considered the State Budget into consideration. As a consequence of not considering the budgetary allocations to the agriculture consumers, the tariff for the agricultural consumers has been fixed much above the proposals made by the petitioners.

The tariff for the LT-4(a) category, has witnessed a quantum jump which have to be borne by the Government (or Farmers - in the absence of sufficient subsidy from the Government). The said drastic increase in the tariff for IP sets calls for review of the Tariff Order 2025. If Commission's Tariff Order is implemented for LT-4(a) category, ESCOMs cannot meet this shortfall in revenue as the same is not provided in the budget. Petitioners can neither recover the shortfall either from the Government or from the Consumers. Therefore, the petition RP-08/2025 was filed for modification/amendment of Tariff Order 2025.

The Tariff Order 2024 provided for cross subsidization of LT4a category at 24.67% w.r.t. to Average Cost of Supply. The Tariff Order 2025 provides for cross subsidization of 6.53%, 3.82% for FY-26 and FY-27 respectively. For FY-28, Hon'ble Commission has aimed at eliminating cross subsidization of LT4a category completely.

Further, the recent Tariff Order has introduced changes to various categories of installations. Notably, certain government installations tariff rates have not been altered, while others have been affected. The following categories have been retained at the old tariff rates:

LT6: Water supply	LT6: Street light
LT6: EV installations	HT1: Water supply installations
HT6: Irrigation and Agricultural farms	HT7: Government Lift irrigation

These categories, being government installations, have been retained with the existing tariff of Tariff Order 2024. Though both LT4a and the above government installations are cross subsidized by commercial and industrial category of consumers, only LT4a tariff has been increased drastically to reduce the cross subsidization.

If Commission's tariff order is implemented for LT-4(a) category, ESCOMs cannot meet this shortfall in revenue as the same is not provided in the budget. Petitioners can neither recover the shortfall either from the Government nor from the Consumers. Therefore, the ESCOMs have filed petition for modification/amendment on the following grounds.

1. Sec. 64(6) of the Electricity Act, 2003 reads as under

A tariff order shall, unless amended or revoked, continue to be in force for such period as may be specified in the tariff order.

As per the above provision of the Act, Commission is empowered to amend or modify for the period of the present tariff order.

2. Regulation 8 of the KERC (Conduct and Proceedings) Regulation 2000 which read as under

(1) The Commission may, either on its own motion or on an application made by any interested or affected party, within 90 days of the making or issuing of any decision, direction, order, notice or other document or the taking of any action in pursuance of these Regulations, review, revoke, revise, modify, amend, alter or otherwise change such decision, direction, order, notice or other document issued or action taken by the Commission or any of its Officers.

(2) An application under sub-regulation (1) shall be filed in the same manner as a Petition under Chapter-II of these Regulations.

As per the above regulation this commission is empowered to review, revise, modify, amend, the tariff order dated 27.03.2025 and reduce the tariff of LT-4(a) category duly taking note of the subsidy GOK is providing towards this category.

3. Under Sec. 94(1)(F), Commission is empowered to review its decision as contemplated under the Civil Procedure Code, 1908 for not considering the budgetary proposal made by the State under the Karnataka Act 21 of 2025 while fixing the tariff for LT-4(a) category.

4. Sec. 175 of the Electricity Act, 2003 provide as follows

The provisions of this Act are in addition to and not in derogation of any other law for the time being in force.

The ESCOMs had requested the Government of Karnataka to allocate additional budgetary support towards subsidizing the LT-4A agricultural installations. During the meeting at the government level it was observed that the retail tariff rates of commercial and industrial installations have been decreased and the tariff rates of IP sets have been increased in the Tariff Order 25. Further, it was also observed that there is a drastic decrease in the cross subsidization of the agricultural consumer and also elimination of cross subsidization in FY-28, In order to achieve revenue neutrality, the tariff of industrial and commercial categories is sought to be enhanced. To retain high revenue consumers with ESCOMs, the government of Karnataka has announced an additional grant of Rs. 2362.47 crores to provide subsidized power to irrigation pump sets with a capacity below 10HP. Wherefore, the Government of Karnataka stated that it would additionally grant Rs. 2,362.47 crores towards providing subsidized power to LT-4A consumers.

ESCOMs have proposed to fill up the financial gap arising out of reduction in LT-4a through the following measures:

i. The present IP set tariff may be reduced from Rs. 8.30 per unit to Rs. 7.35 per unit so that the state may provide additional subsidy without undue strain on the other revenue requirements of the state. The reduction in LT-4(a) tariff to Rs. 7.35 will result in a shortfall of Rs. 2362.47 Crores as against the tariffs considered in the Tariff order under review.

ii. Increase the tariff of commercial and industrial installations proportionally as per the table below which will increase the revenue to the extent of Rs. 1,214.12 crores.

iii. Consider the additional revenue from miscellaneous sources in comparison to previous year as per Tariff Order, viz interest on arrears, cross subsidy surcharge, FPPCA, wheeling charges, etc. to the extent of Rs. 1148.35 Crs.

Hence, the revision in tariff is required. HESCOM and other ESCOMs plans to recover in FY-26 from the proposed revision of Tariff.

The tariff modification proposed is as under:

Categories	Tariff Order 2024		Tariff Order 2025		Tariff to be revised (option-2)		Increase/decrease in Revenue if option 2 is considered against Tariff Order 2025
	FC in Rs.	EC in Rs./unit	FC in Rs.	EC in Rs./unit	FC in Rs.	EC in Rs./unit	
LT-4 (a) IP<10 HP		6.81		8.30		7.35	(2,362.47)
LT-3(a) Commercial	210/220	8.00	215	7.00	235.00	7.10	207.21
LT-5 Industry	140/190	6.10	150	4.50	165.00	5.20	303.20
HT-2(a): Industry	340	6.90	345	6.60	365.00	6.70	262.85
HT-2(b): Commercial	365	8.00	370	5.95	390.00	6.90	440.86
Total of C&I							1,214.12
Additional Miscellaneous Revenue							1148.35

From the above table it can be seen that if LT-4(a) tariff is reduced to Rs.7.35 per unit, it will lead to decrease in the revenue of ESCOMs to the extent of Rs. 2,362.47 Crores, which deficit is proposed to be made good by the increase in tariff of Commercial and industrial customers as indicated above to the extent of Rs. 1214.12 Crores and by considering additional Miscellaneous revenue to the extent of Rs. 1148.35 Crores. It is critical to note that, despite the above proposed revisions, the tariff of industrial and commercial customers substantially stands reduced from Tariff Order - 2024.

- Application filed before Commission is available at HESCOM and other ESCOM's website
- Further, hard copy of the petition is available at Controller(A&R), Corporate Office, HESCOM, Navanagar, Hubballi-580025.
- Pursuant to KERC directions in the review petition RP-08/2025, it is hereby notified that the persons who are interested in filing their objections to the above petition may file the same with the Receiving Officer, O/o the Secretary, Karnataka Electricity Regulatory Commission, No.16, C-1, Millers Tank Bed Area, VasanthaNagar, Bangalore – 560 052, along with the documents on which they want to rely upon, in three sets, duly supported by an affidavit within thirty days from the date of first publication of this Notification and also indicate whether they want to be heard in person. A copy of the objection may be marked to Controller(A&R), Corporate Office, HESCOM, Navanagar, Hubballi-580025 for furnishing replies to the objections.

For Hubli Electricity Supply Company Limited
Sd/- Controller(A&R)

Corporate Office, HESCOM, Hubballi-5800025