

**KARNATAKA ELECTRICITY REGULATORY COMMISSION**  
No.9/2, 6<sup>th</sup> & 7<sup>th</sup> Floor, Mahalakshmi Chambers,  
M.G.Road, Bangalore-560 001.

Present: Shri K.P. Pandey                      Chairman  
              Shri H.S. Subramanya                Member  
              Shri S.D. Ukkali                        Member

**ORDER**

**L/1/06**

**Dated 14<sup>th</sup> November 2006**

**Application of the Hukeri Rural Electric Co-operative Society Ltd., Hukeri (HRECS) for grant Licence for Distribution of electricity in Hukeri Taluka in Karnataka vide Application No. REC/EST/2006-07/3615 dated 4<sup>th</sup> August 2006.**

**In the matter of application under section 14 of the EA 2003, section 19 of the KER Act 1999, read with Karnataka Electricity Regulatory Commission,(Licensing) Regulations 2004, for grant of Distribution Licence to engage in the business of Distribution and Retail Supply of electricity to general public within the area comprising whole of Hukeri Taluka for all types of connections in the said area.**

The Commission has examined in detail the contents of the application for licence. The Commission also has noted that as per Clause 9 of KERC (Licensing) Regulations 2004 read with section 19 of the KER Act, 1999, the HRECS has published the notice of the application in the following newspapers on the dates noted against each, inviting objections if any, by any person, any local authority or utility for grant of the above licence to HERCS:

1. New Indian Express on 22.08.2006
2. Vijay Times on 8.09.2006

3. Kannada Prabha on 22.08.2006
4. Samyauktha Karnataka on 21.09.2006

The Society was also directed to deposit three copies of the application with its attachment, with Zilla Panchayat and Municipal Council/ Corporation for public inspection. Accordingly, the Society has deposited copies of the applications and has produced the acknowledgement thereof to the Commission.

The last date for date of submission of objections was 21.09.2006. No objections were received within in the due date. However, HESCOM has submitted its objections/prayer in the matter on 10<sup>th</sup> October 2006 to the Commission.

As required under Section 15(5) of the Electricity Act 2003, the Commission has published notice calling for suggestions/ objections from interested persons on the proposed issue of licence to the Society in the following newspapers:

Deccan Herald Bangalore Edition on 17<sup>th</sup> October 2006.

Vijaya Karnataka Hubli Edition on 17<sup>th</sup> October 2006

The suggestions/ objections were to be filed within 7 days of the date of publication of notice in the above newspapers. The Commission has not received any suggestions/objections in the matter other than one received from HESCOM on 10.10.06.

HESCOM in its letter dated 9<sup>th</sup> October 2006 has requested the Commission to include the following conditions in the licence to be issued to the Society:

- 1. Allocation of energy:** The Society shall obtain allocation of energy from the Government of Karnataka and purchase the energy directly from the generators.
- 2. Develop 33 KV system:** The Society shall develop 33 KV line /Station for distribution of energy in the area of Society at their cost.

- 3. Wheeling charges:** The Society shall bear wheeling charge/ rent for availing energy through existing 33 KV line/ Station of HESCOM
- 4. SLDC Charges:** The Society shall bear SLDC charges as determined by Hon'ble Commission.
- 5. Transmission Charges:** The Society shall pay transmission charges as per tariff approved by the Commission from time to time.
- 6. Meter Hire:** The licensee shall bear meter hire for the meters provided by HESCOM at 11 KV and 33 KV as determined by Hon'ble Commission.
- 7. Distribution Losses:** The Society shall bear distribution loss up to and inclusive of 33 KV Line / Station.
- 8. Transmission Losses** The Society shall bear the transmission loss from the generator point to 33 KV line /Station
- 9. Power procurement plan:** The Society shall intimate power procurement plan directly to KPTCL/ Government well in advance.
- 10. Model Conditions of supply:** The society shall obtain approval of Commission to enforce Model Conditions of Supply in the area of Supply.
- 11. Arrears payment:** The Society shall settle the arrears in full payable to HESCOM/ KPTCL.
- 12. Appellate authority and CGRF:** The Society shall appoint the appellate authority and establish CGR Forum in the area of Society to comply with the provisions of regulations

**Commission's Views:** The Commission has examined the above suggestions in detail and its views thereon are as follows:

**Allocation of energy:** As per the existing arrangement the energy requirement of Hukeri Society is included in the allocation made to HESCOM by GoK. Since the energy requirement of the Society is significantly small, it is not feasible to allocate the PPAs/energy to the Society from various generating stations and

asking the society to make payment directly to various generators. Since HESCOM can engage in trading of power, the present allocation to the Society through HESCOM is more feasible and may be continued. In fact, the Society shall explore possibility of procuring power from other generators at competitive rates.

**Development of 33 KV systems,**

The Commission has already examined the matter and has communicated to HESCOM/ Society vide letter No. Z/40/3/1566 dated 17.9.2003. The same shall continue to hold good.

**Transmission Losses, Wheeling charges, Distribution Losses:**

The Commission has examined these matters in case No.OP-1/2004 and has given its decision in order dated 10.11.2004. The same shall continue to hold good.

**Transmission Charges/ SLDC charges:** The Commission has already ordered that the Society is required to pay transmission charges at the rates determined by the Commission from time to time directly to KPTCL. Regarding SLDC charges, the present transmission charges includes SLDC charges also.

**Power procurement plan:** The Society shall intimate its annual energy requirement **well** in advance to HESCOM.

**Model Conditions of supply:** The Commission has already intimated the Society to implement the Model Conditions of Supply approved by the Commission. The Society shall comply with the same if not already implemented

**Arrears payment:** This is a bi-lateral issue between the Society and HESCOM to be settled in terms of the relevant agreements and hence not relevant to issue of licence.

**Appellate Authority and CGRF:** The Commission vide its Order No. SEC/06/1471 dated 7.09.2006 has decided to entrust that the CGRF of HESCOM may entertain the grievances / complaints from consumers within the jurisdiction of the Hukeri Society.

The Commission notes that the draft licence proposed by the applicant society is as per Form-3 appended to the KERC (Licensing) Regulations 2004 and that the Society has observed all the formalities for grant of licence.

In the circumstance, the Commission hereby approves issue of Distribution Licence to Hukeri Rural Electric Co-operative Society Ltd and the Licence so granted shall continue to be in force for a period of twenty five years from the date following the expiry of the earlier licence issued by the Commission i.e from 19.10.2006 unless such licence is revoked earlier. The conditions of licence approved by the Commission are appended to this order.

**K.P.Pandey**  
Chairman

**H.S.Subramanya**  
Member

**S.D.Ukkali**  
Member