

## CHAPTER – 5

### ANNUAL REVENUE REQUIREMENT FOR FY18

#### 5.1 Approved ARR for FY18:

KPTCL in its application dated 16<sup>th</sup> November, 2016, has requested the Commission to carry forward the deficit of Rs. 103.23 Crores of FY16 to the approved ARR of FY18, and determine the revised transmission tariff for FY18.

#### Commission's Analysis and Decision:

The Commission in its Tariff Order dated 30<sup>th</sup> March, 2016 had approved ARR and Transmission tariff for FY17 – FY19. As per this Tariff Order, the Commission had approved an ARR of Rs.3171.28 Crores for FY18 as detailed below:

**TABLE – 5.1**  
**Approved ARR FY18**

Amount in Rs. Crores.		
Sl. No	Particulars	As approved
	<b>Expenditure</b>	
1	O&M Expenses	1216.59
2	Depreciation	735.51
3	Interest & Finance Charges	623.75
4	Interest on working capital	89.00
5	Return on Equity	661.48
	<b>Less</b>	
6	Interest & Finance Charges capitalized	52.80
7	Other Expenses capitalized	49.44
8	Other Income	52.82
	<b>NET ARR</b>	<b>3171.28</b>

KPTCL in its application has sought to add the revenue gap of FY16 to the approved ARR of FY18 without any changes in the existing approved ARR for FY18 as per the Commission's order dated 30<sup>th</sup> March, 2016.

As discussed in the previous chapter, the Commission has decided to carry forward the surplus amount of Rs.417.58 Crores based on the APR for FY16. Considering this surplus, the revised ARR for FY18 would be as follows:

**TABLE – 5.2****Revised ARR for FY18**

Amount in Rs. Crores.	
Particulars	FY18
Approved ARR for FY18 as per tariff order dated 30 <sup>th</sup> March, 2016	3171.28
Surplus as per APR for FY16	417.58
<b>Revised ARR for FY18</b>	<b>2753.70</b>

Accordingly, the Commission decides to approve the revised ARR of Rs.2753.70 Crores for FY18.

**i) Revised Transmission tariff for FY18:**

The Commission in its Tariff Order dated 30<sup>th</sup> March,2016 had considered the following ESCOM-wise transmission capacity for FY18:

**TABLE- 5.3****ESCOM wise capacity Allocation- As per Tariff Order dated 30.03.2016**

ESCOMs	Capacity Allocation in MW
BESCOM	11003
MESCOM	1615
CESC	2253
HESCOM	3999
GESCOM	2635
<b>TOTAL (MW)</b>	<b>21505</b>

**The transmission tariff determined for FY18 was Rs1, 22,889 per MW per Month.**

The Commission in its preliminary observations had sought ESCOM-wise transmission capacity to be considered for FY18. As per the replies of KPTCL dated, 20<sup>th</sup> December, 2016, the following is the revised transmission capacity projections for FY18:

**TABLE- 5.4**  
**ESCOM wise capacity Allocation for FY18**

ESCOMs	Capacity Allocation in MW
BESCOM	11271
MESCOM	1573
CESC	2423
HESCOM	3787
GESCOM	3060
<b>TOTAL (MW)</b>	<b>22113</b>

The Commission notes that, the above said projected transmission capacity for FY18 is based on the actual transmission capacity of 20158 MW in FY16, as stated in the replies to the preliminary observation made by the Commission. However, as per the annual report / audited accounts of KPTCL for FY16, the following is ESCOM- wise transmission capacity in FY16:

**TABLE- 5.5**  
**ESCOM wise capacity Allocation for FY16-as per annual accounts**

ESCOMs	Capacity Allocation in MW
BESCOM	8623
MESCOM	1615
CESC	2252
HESCOM	4000
GESCOM	2125
<b>TOTAL (MW)*</b>	<b>18615</b>

\*As per the Annual Audited Accounts

Based on the above said actual transmission capacity in FY16 and considering the projections proposed by KPTCL for FY17 & FY18, the estimated ESCOM-wise transmission capacity for FY18 will be as follows:

**TABLE- 5.6**  
**ESCOM-Wise Estimated Transmission Capacity for FY18**

ESCOMs	Capacity Allocation in MW
BESCOM	10068
MESCOM	1615
CESC	2252
HESCOM	4000
GESCOM	2635
<b>TOTAL (MW)</b>	<b>20570</b>

Considering this estimated transmission capacity for FY18, the transmission charges to be recovered from the ESCOMs and long term users of transmission network are determined as follows:

**TABLE – 5.7**  
**Transmission Charges payable by ESCOMs for FY18**

Particulars	Capacity Allocation in MW	Transmission charges for FY18 Rs. Crores per annum	Transmission charges for FY18 Rs. Crores per Month
BESCOM	10068	1347.80	112.32
MESCOM	1615	216.20	18.02
CESC	2252	301.47	25.12
HESCOM	4000	535.48	44.62
GESCOM	2635	352.75	29.40
<b>TOTAL (MW)</b>	<b>20570</b>	<b>2753.70</b>	<b>229.47</b>

**The revised transmission charge for FY18 is Rs.1,11,558 per MW per month.**

## ii) SLDC Charges:

The Commission in its Tariff Order dated 30<sup>th</sup> March, 2016 had approved the ESCOM-wise SLDC charges for FY18 as follows:

TABLE – 5.8

## SLDC charges – Approved for FY18 in Tariff Order 2016

Amount in Rs. Crores

ESCOMs	Capacity Allocation In MW	Share of SLDC Charges included in ARR of ESCOMs
BESCOM	11003	13.20
MESCOM	1615	1.94
CESC	2253	2.70
HESCOM	3999	4.80
GESCOM	2635	3.16
<b>TOTAL</b>	<b>21505</b>	<b>25.80</b>

The revised SLDC charges as per the APR for FY16 and approved ARR for FY18 as per the Commission's Order dated 30<sup>th</sup> March, 2016 (duly considering the revised transmission capacity), to be collected from ESCOMs during FY18 are as follows:

TABLE – 5.9

## Revised SLDC charges of FY16

Amount in Rs. Crores

Particulars	Capacity Allocation in MW	SLDC Charges for FY16 as per APR	SLDC Charges for FY16 as approved in Order dated 2nd March, 2015	Difference to be adjusted in FY18	Revised Transmission Capacity for FY18	Revised SLDC Charges for FY18	Net SLDC Charges to be collected in FY18
1	2	3	4	5	6	7	8 (7-5)
BESCOM	8623	9.24	10.53	-1.29	10068	12.63	11.33
MESCOM	1615	1.73	1.82	-0.09	1615	2.03	1.94
CESC	2252	2.41	2.10	0.31	2252	2.82	3.14
HESCOM	4000	4.28	3.91	0.37	4000	5.02	5.39
GESCOM	2125	2.28	2.61	-0.33	2635	3.30	2.97
<b>TOTAL</b>	<b>18615</b>	<b>19.94</b>	<b>20.97</b>	<b>-1.03</b>	<b>20570</b>	<b>25.80</b>	<b>24.77</b>

The Commission decides to allow KPTCL to adjust the above net excess / under recovery of Rs.1.03 Crores collected from the ESCOMs towards SLDC charges for FY16 with the approved SLDC charges of Rs.25.80 Crores for FY18. Thus the net SLDC charges recoverable during FY18 works out to Rs.24.77 Crores.

**Transmission Charges and SLDC Charges for all Open Access Consumers:**

The Commission notes that, apart from the ESCOMs, the open access consumers are also availing the services of the SLDC and hence they should also bear the expenses incurred by the SLDC.

Based on the total transmission capacity and the allowable SLDC expenses for FY18, the Commission decides to allow the SLDC to collect **Rs.34.36 per MW per day for all open access transactions from 1<sup>st</sup> April, 2017** as charges towards SLDC expenditure. This is apart from the transmission charges payable to KPTCL. The KPTCL and SLDC are also directed to account this income separately and report to the Commission while submitting its proposal for APR of FY18.

As determined above, the transmission charges of Rs. Rs.1,11,558 per MW per month is applicable for all long term open access consumers for FY18.

Further, the revised transmission charges for short term open access consumers for FY18 are as follows:

**TABLE – 5.10**

**Revised transmission charges  
for short term Open Access consumers - FY18**

<b>Duration of Open Access (Rs/MW)</b>	<b>Transmission Charges Amount in Rs/MW</b>	<b>SLDC Charges in Rs/MW/Day</b>
More than 12 hrs & up to 24 hrs in a day in one block	916.91	34.36
More than 6 hrs & up to 12 hrs in a day in one block	458.46	
Up to 6 hrs in a day in one block	229.23	

## 5.2 Other issues:

KPTCL, in its application has requested to direct the ESCOMs to:

- i) Pay the transmission charges through ESCROW arrangement.
- ii) Pay transmission charges in full without subjecting it to deduction towards rebate.
- iii) Not to effect deduction of auxiliary consumption charges in the transmission bill till the Commission determines the tariff for the same.
- iv) Order refund of amounts recovered without any authority by ESCOMs towards Auxiliary consumption and rebate.

### **Commission's view and decision:**

The Commission notes that the issues excluding the auxiliary consumption charges raised by KPTCL are beyond the scope of determination of transmission tariff and hence Commission is unable to take up these issues in these proceedings. These issues are dealt with in the Transmission Agreement already entered into between KPTCL and the ESCOMs during 2012. Disputes arising out of implementation of the Agreement could be settled through mutual discussions to arrive at a consensus. If they are not settled, KPTCL may file appropriate petition before the Commission under Section 86(1) (f) of the Electricity Act, 2003.

**As regards fixation of tariff for Auxiliary Consumption of KPTCL Substations, the Commission has determined the tariff at the State's Average Power purchase cost, as approved by the Commission, from time to time. This has been dealt with in detail, in ESCOM's Tariff Orders.**

**5.3 Commission's 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 revised ARR as per Annual Performance Review for FY16 and determines and notifies the revised ARR and transmission tariff of KPTCL for FY18 as approved in this Order.
2. The tariff determined in this Order shall come into effect from 1<sup>st</sup> April, 2017.
3. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru, this day, the 11<sup>th</sup> April, 2017.

Sd/-  
(M.K. Shankaralinge Gowda)  
Chairman

Sd/-  
(H.D.Arun Kumar)  
Member

Sd/-  
(D.B.Manival Raju)  
Member