

CHAPTER – 6

DETERMINATION OF RETAIL SUPPLY TARIFF FOR FY20

6.0 Revision of Retail Supply Tariff for FY20-MESCOM's Proposals and Commission's Decisions:

6.1 Tariff Application

As per the Tariff application filed by the MESCOM, it has projected an unmet gap in revenue of Rs.706.39 Crores for FY20, which also reckons the gap in revenue of Rs.641.98 Crores for FY18. In order to bridge this gap in revenue, MESCOM has proposed to increase both the fixed and energy charges with an average tariff increase of 138 paise per unit, in respect of all the categories of consumers.

In the previous chapters of this Order, the Annual Performance Review (APR) for FY18 and the approval of ARR for FY20-22 has been discussed. The various aspects of determination of tariff for FY20 are discussed in this Chapter.

6.2 Statutory Provisions guiding determination of Tariff

As per 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 are 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 within the period to be specified by the Commission;
- efficiency in performance is to be rewarded; and
- a multi-year tariff framework is adopted.

Section 62(5) of the Electricity Act, 2003, read with Section 27(1) of the Karnataka Electricity Reform Act, 1999, empowers the Commission to specify, from time to time, the methodologies and the procedure to be observed by the licensees in calculating the Expected Revenue from Charges (ERC). The Commission determines the Tariff in accordance with the Regulations and the Orders issued by the Commission from time to time.

6.3 Factors Considered for Tariff setting:

The Commission has considered the following relevant factors for determination of retail supply tariff:

a) Tariff Philosophy:

As discussed in the earlier tariff orders, the Commission continues to fix tariff below the average cost of supply in respect of consumers whose ability to pay is considered inadequate and also fix tariff at or above the average cost of supply for categories of consumers whose ability to pay is considered to be higher. Thus, the system of cross subsidy continues. However, the Commission has taken due care 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 on the basis of 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 levels. Therefore, the Commission has decided to continue the average cost of supply approach for recovery of the ARR. With regard to the indication of voltage-wise cross subsidy with reference to the voltage-wise cost of supply, the same is indicated in the Annexure to this Order.

c) **Differential Tariff:**

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. The Commission decides to continue the same in the present order also as the reasons cited for approach continue even now.

6.4 New Tariff Proposals by MESCOM:

Special Incentive Scheme:

MESCOM in its filing has proposed certain modification to the Special Incentive Scheme approved by the Commission in the Tariff Order 2018 dated 14.05.2018. The Commission has approved a Special Incentive Scheme to HT-1, HT-2a, HT-2b and HT-2c consumers with the following features:

- The installation of the consumers should have TOD metering to record four consumption time slots 06.00 hours to 10.00 hours, 10.00 hours to 18.00 hours, 18.00 hours to 22.00 hours and 22.00 hours to 06.00 hours.
- Base consumption shall be fixed for the time slot 10.00 Hrs to 18.00 Hrs. The consumption above the base consumption will be eligible for a rebate of Re.1/- per unit for the consumption in that time slot.
- The installations opted for Special Incentive Scheme will automatically become eligible for a reduced tariff (TOD tariff) of Rs.2 unit for the entire consumption during the night i.e. recorded between 22.00 hours to 06.00 hours.
- The consumers who are catering to their energy requirement party from open access (i.e. from IEX or wheeling & banking arrangement) are also eligible for the scheme.

MESCOM has stated that the impact study relates to 12 industrial consumers, who have opted for special incentive scheme, in major industrial area in Bikampady Sub-divisions. These industries are getting benefit of reduced tariff @ Rs.2 per unit for their night consumption even without considerable increase in their consumption either at day hours or night hours or overall consumption.

This pattern of consumption is only adding to the extra financial burden to MESCOM hardly adding any increase to the overall consumption.

MESCOM's Impact Study:

MESCOM has submitted the following on the study conducted.

Particulars	
No. of consumers opted for the Scheme	12
Consumption In the month of Oct-2018	14,65,947 kWh
Base Consumption	4,89,283 kWh
Increase In Day consumption over base consumption	46,433 kWh
Energy Charges before applying Incentive Scheme	Rs.100.29 lakh
Energy Charges after applying Incentive Scheme	Rs.95.16 lakh
Additional rebate/incentive extended	Rs.5.13 lakh
Consumption in the month of Apr-18	14,23,163 kWh
Increase in overall consumption in Oct-18 compared to consumption in Apr-18	42,784 kWh

MESCOM has stated that, the increase in day consumption with reference to base consumption is only 46,433 units and only 42,784 units compared to total consumption in Apr-18, which is only about 3% of the total consumption. But, the financial gain by the consumers is worked out to be about Rs.11/- per unit.

Thus, MESCOM has requested the Commission to revise the modality of the scheme to the extent that;

- i. In addition to fixing base consumption to the day off peak hours, the base consumption should be fixed for the overall total monthly consumption also.
- ii. The consumption above the base day off peak consumption will be eligible for a rebate of Re.1/- per unit for the consumption in that time slot.
- iii. If the consumers increase their overall monthly consumption compared to overall total monthly base consumption, for the night off peak consumption the incentive over & above the TOD tariff may be extended as follows:
 - a. If the total monthly consumption increases upto 10% of the overall base consumption, then a rebate of 50 paise / unit for all the night consumption.

- b. If the total monthly consumption increases above 10% but upto 15% of the overall base consumption, then a rebate of 100 paise / unit for all the night consumption.
- c. If the total monthly consumption increases above 15% of the overall base consumption, then a rebate of 150 paise / unit for all the night consumption.

Commission's Analysis and decisions:

After careful consideration of the submissions made by the MESCOM, the Commission notes that the current Special Incentive Scheme is accepted by only a few consumers, MESCOM has not furnished the details of the overall impact the scheme has made on the revenues of the MESCOM. Further, during the public hearings on tariff applications industry representatives have urged for more extensive publicity / awareness programmes about the SIS to make more consumers opt for it. They have also sought for tariff concessions to the industries in the State to make them more competitive in national and international markets.

The Commission in its Tariff Order dated 14th May,2018 has approved the incentive of Rs.2.00 per unit for night consumption basically to encourage industrial activity during the nights. The Commission further notes that considering the very small number of consumers who have opted the Special Incentive Scheme during the last 9 months' period, the revenue loss projected by the MESCOM on the energy sales from these consumers may not give the true picture of the implementation of the scheme. The Commission has approved the Special Incentive Scheme to be in force for an initial period of two years. Any premature modification to the scheme without conducting detailed study within that period will affect the consumers who have already opted for the scheme and also discourage other consumers from opting for similar schemes if their declared tenure is modified / cut short mid-way.

Thus the Commission decides to continue the Special Incentive Scheme for FY20 also and the special incentive benefits is also extended for the OA consumer who consume energy form the ESCOMs, by limiting the benefit to the energy drawn from the ESCOMs only. The Commission also directs MESCOM to

take up an intensive campaign to encourage more industrial consumers to opt for this scheme.

v. Classification of Tariff for Religious Institutions for supply under HT category:

MESCOM, in its filing, has stated that there is no specific tariff classification for the religious institutions serviced under HT category. In the absence of clear categorization in the Tariff Order, the field officers are classifying these installations belonging to temples, churches and other religious institutions either under HT-2b category or HT-4 category.

Further, MESCOM has stated that under LT category such installations are classified under LT-2(a) – Domestic category and has requested the Commission to classify such installations under HT-4 tariff, which is being applied to residential apartments /installations.

Commission's Analysis and decisions:

The Commission notes the request made by the MESCOM to classify the religious institutions serviced under HT category under HT-4 tariff schedule in line with the applicability of LT2(a) tariff, meant for domestic consumers under LT category.

As per the existing classification, the power supply availed under LT category by Temples, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious / Charitable Institution etc. for lighting/ combined lighting, heating and motive power, is being billed under LT-2(a) tariff schedule. On the same lines, the Commission decides that, the power supply availed by these institutions for religious activities under HT supply, shall be categorized and billed under HT-4 Tariff schedule for the energy consumed, from the first meter reading date falling on or after 1st April, 2019, in all the areas of ESCOMs. However, if these institutions use the energy for Kalyana Mantapas / Marriage hall, Restaurant or for any other commercial activity not related to any religious activity, such energy consumption shall be billed under LT-3 / HT-2(b) tariff schedule duly deducting such consumption recorded in the main HT meter. However, no reduction in the demand charges towards the recorded demand in the main HT meter shall be allowed. In all such cases, it shall be ensured that sub-meters are provided to record the commercial consumption separately.

6.5 Revenue at existing tariff and deficit for FY20:

The Commission, in the preceding Chapters, has decided to carry forward the gap in revenue of Rs. 28.22 Crores of FY18 to the ARR of FY20. The gap in revenue of Rs.166.67 Cores for FY20 is proposed to be filled up by revision of Retail Supply Tariff, as discussed in the following paragraphs of this Chapter.

Considering the approved ARR for FY20 and the revenue as per the existing tariff, the resultant gap in revenue for FY20 is as follows:

Revenue Deficit for FY20

Particulars	Amount in Crores	
	Amount	
Approved Net ARR for FY20 including gap of FY18	3,603.24	
Revenue at existing tariff	3,436.57	
Surplus / (-)Deficit	-166.67	
Additional Revenue to be realised by Revision of Tariff	166.67	

Accordingly, the Commission now proceeded to determine the Revised Retail Supply Tariff for FY20. The category-wise tariff as existing, as proposed by MESCOM and as approved by the Commission are as follows:

1. LT-1 Bhagya Jyothi:

The existing tariff and the tariff proposed by MESCOM are as given below:

Sl.No.	Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
1	Energy charges (including recovery towards service main charges)	686 Paise / Unit Subject to a monthly minimum of Rs.40 per installation per month.	809 Paise / Unit Subject to a monthly minimum of Rs.40 per installation per month.

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 (instead of the earlier limit of 18 units per month). Based on the present average cost of supply, the tariff payable by these BJ/KJ consumers is revised to Rs.7.13 per unit.

Further, the ESCOMs have to 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 Approved Tariff for BJ / KJ installations:

Commission determined Tariff	Retail Supply Tariff determined by the Commission
713 paise per unit, subject to a monthly minimum of Rs.45 per installation per month.	-Nil- Fully subsidized by GoK

**Since GOK is meeting the full cost of supply to BJ / KJ installations, the Tariff payable by these consumers is shown as nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.7.13 per unit subject to a monthly minimum of Rs.45 per installation per month, shall be demanded and collected from these consumers by MESCOM.*

2. LT2 - Domestic Consumers:

MESCOM's Proposal:

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

Proposed Tariff for LT-2 (a)

LT-2 a (i) Domestic Consumers Category

Applicable to areas coming under City Municipal Corporations and all Urban Local Bodies

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	For the first KW Rs.50	For the first KW Rs.60
	For every additional KW Rs.60	For every additional KW Rs.70
Energy Charges 0-30 units (Lifeline Consumption)	0 to 30 units:345 paise /unit	0 to 30 units: 445 paise /unit
Energy Charges exceeding 30 units per month	31 to 100 units:495 paise/unit	31 to 100 units: 595 paise / unit
	101 to 200 units:650 paise /unit	101 to 200 units:750 paise/unit
	Above 200 units: 755 paise /unit	Above 200 units: 855 paise /unit

**LT-2(a)(ii) Domestic Consumers Category
Applicable to Areas under Village Panchayats**

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	For the first KW Rs.35	For the first KW Rs.55
	For every additional KW Rs.50	For every additional KW Rs.65
Energy Charges 0-30 units (lifeline Consumption)	Up to 30 units: 335 paise/unit	0 to 30 units:435 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units:465 paise / unit	31 to 100 units:565 paise / unit
	101 to 200 units: 620 paise /unit	101 to 200 units: 720 paise /unit
	Above 200 units: 705 paise /unit	Above 200 units:805 paise /unit

Commission's decision:

As in previous tariff order, the Commission decides to continue with the two tier tariff structure in respect of domestic consumers as shown below:

- (i) Areas coming under City Municipal Corporations and all Urban Local Bodies.
- (ii) Areas under Village Panchayats.

The Commission approves the tariff for this category as follows:

Approved Tariff for LT 2 (a) (i) Domestic Consumers Category:

Applicable to Areas coming under City Municipal Corporations and all Urban Local Bodies

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW: Rs.60
	For every additional KW Rs.70
Energy Charges up to 30 units per month (upto-30 units)-life line consumption.	Upto 30 units: 370 paise/unit
Energy Charges in case the consumption exceeds 30 units per month	31 to 100 units: 520 paise/unit
	101 to 200 units:675 paise/unit
	Above 200 units: 780 paise/unit

Approved Tariff for LT-2(a) (ii) Domestic Consumers Category:**Applicable to Areas under Village Panchayats**

Details	Tariff approved by the Commission
Fixed Charges per Month	For the first KW: Rs.45
	For every additional KW Rs.60
Energy Charges up to 30 units per month (upto-30 Units)-Lifeline Consumption	Up to 30 units: 360 paise/unit
Energy Charges in case the consumption exceeds 30 units per month	31 to 100 units: 490 paise/unit
	101 to 200 units: 645 paise/unit
	Above 200 units: 730 paise/unit

LT2 (b) Private and Professional Educational Institutions, Private Hospitals and Nursing Homes:**MESCOM's Proposal:**

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

LT 2 (b) (i)Applicable to areas under City Municipal Corporations Areas and all urban Local Bodies

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.65 Per KW subject to a minimum of Rs.90 per month	Rs.95 Per KW subject to a minimum of Rs.110 per month
Energy Charges	For the first 200 units: 670 paise per unit	For the first 200 units: 795 paise per unit
	Above 200 units: 795 paise per unit	For the balance units: 920 paise per unit

LT 2 (b)(ii) Applicable to Areas under Village Panchayats

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.55 per KW subject to a minimum of Rs.75 per Month	Rs.90 per KW subject to a minimum of Rs.95 per Month
Energy Charges	For the first 200 units: 615 paise per unit	For the first 200 units:740 paise per unit
	Above 200 units: 740 paise per unit	For the balance units:865 paise per unit

Commission's decision:

As in the previous Tariff Order the Commission decides to continue with the two-tier tariff structure as follows:

- (i) Areas coming under City Municipal Corporation and all urban local bodies.
- (ii) Areas under Village Panchayats.

Approved Tariff for LT 2 (b) (i)

Private Professional and other private Educational Institutions, Private Hospitals and Nursing Homes

Applicable to areas under City Municipal Corporations and all other urban Local Bodies.

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.75 per KW subject to a minimum of Rs.100 per Month
Energy Charges	0-200 units: 690 paise/unit
	Above 200 units: 815 paise/unit

Approved Tariff for LT 2 (b) (ii)

Private Professional and other private Educational Institutions, Private Hospitals and Nursing Homes

Applicable to Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.65 per KW subject to a minimum of Rs.85 per Month
Energy Charges	0-200 units: 635 paise/unit
	Above 200 units: 760 paise/unit

3. LT3- Commercial Lighting, Heating & Motive Power:

MESCOM's Proposal:

The existing and proposed tariff by MESCOM as shown in the following Table:

LT- 3 (i) Commercial Lighting, Heating & Motive Power

Applicable to Areas coming under City Municipal Corporation and urban local bodies

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.70 per KW	Rs.100 per KW
Energy Charges	For the first 50 units:775 paise per unit	For the first 50 units:825 paise per unit
	For the balance units:875 paise per unit	For the balance units: 925 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW.

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges	Rs.85 per KW	Rs.85 per KW
Energy Charges	For the first 50 units:775 paise per unit	For the first 50 units:825 paise per unit
	For the balance units:875 paise per unit	For the balance units:925 paise per unit

LT-3 (ii) Commercial Lighting, Heating & Motive

Applicable to areas under Village Panchayats

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.60 per KW	Rs.80 per KW
Energy Charges	For the first 50 units:725 paise per unit	For the first 50 units:775 paise per unit
	For the balance units:825 paise per unit	For the balance units:875 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.75 per KW	Rs.80 per KW
Energy Charges	For the first 50 units:725 paise per unit	For the first 50 units:775 paise per unit
	For the balance units:825 paise per unit	For the balance units:875 paise per unit

Commission's Views/ Decision

As in the previous Tariff Order, the Commission decides to continue with the two tier tariff structure as below:

- (i) Areas coming under City Municipal Corporations and other urban local bodies.
- (ii) Areas under Village Panchayats.

Approved Tariff for LT- 3 (i) Commercial Lighting, Heating& Motive

Applicable to areas under City Municipal Corporations and other Urban Local Bodies

Details	Approved by the Commission
Fixed Charges per Month	Rs. 80 per KW
Energy Charges	For the first 50 units: 800 paise/ unit
	For the balance units: 900 paise/unit

Approved Tariff for Demand based tariff (Optional) where sanctioned load is above 5 kW but below 50 kW

Details	Approved by the Commission
Fixed Charges per Month	Rs.95 per KW
Energy Charges	For the first 50 units:800 paise /unit
	For the balance units: 900 paise/unit

Approved Tariff for LT-3 (ii) Commercial Lighting, Heating and Motive Applicable to areas under Village Panchayats

Details	Approved by the Commission
Fixed charges per Month	Rs.70 per KW
Energy Charges	For the first 50 units:750 paise per unit
	For the balance units: 850 paise per unit

Approved Tariff for Demand based tariff (Optional)where sanctioned load is above 5 kW but below 50 kW

Details	Approved by the Commission
Fixed Charges per Month	Rs.85 per KW
Energy Charges	For the first 50 units: 750 paise per unit
	For the balance units: 850 paise per unit

4. LT4-Irrigation Pump Sets:

MESCOM's Proposal:

The existing and proposed tariff for LT4 (a) as shown in the following Table:

:

**LT-4 (a) Irrigation Pump Sets
Applicable to IP sets up to and inclusive of 10 HP**

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Nil	Nil
Energy charges	CDT 531 paise per unit	CDT of 694 paise per unit

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 is being 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:

Approved CDT for IP Sets for FY20

Particulars	MESCOM
Approved ARR in Rs. Crores	3603.24
Revenue from other than IP & BJ/KJ installations in Rs. Crores	2659.11
Amount to be recovered from IP & BJ/KJ installations in Rs. Crores	944.13
Approved Sales to BJ/KJ installations in MU	34.21
Revenue from BJ/KJ installations at Average Cost of supply in Rs. Crores	24.42
Amount to be recovered from IP Sets category in Rs. Crores	919.71
Approved Sales to IP Sets in MU	1669.16
Commission Determined Tariff (CDT) for IP set Category for FY20 in Rs/Unit	5.51

Accordingly, the Commission decides to approve tariff of Rs.5.51 per unit as CDT for FY20 for IP Set category under LT4 (a). In case the GoK does not release the subsidy in advance, the tariff of Rs.5.51 per unit shall be demanded and collected from these consumers.

Approved by the Commission

LT-4 (a) Irrigation Pump Sets

Applicable to IP sets up to and inclusive of 10 HP

Details	Approved by the Commission
Fixed charges per Month Energy charges	Nil*
CDT (Commission Determined Tariff): 551 paise per unit	

***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.5.51 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 Grama Jyothi Yojana, the ESCOMs including MESCO 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 MESCO 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 partly complied with these directions and have initiated measures to achieve full compliance. The MESCO need to ensure full compliance as this has direct impact on their revenues and tariff payable by other categories of consumers.

The Government of Karnataka vide its letter dated 15.02.2019 has informed the Commission that, for FY20, an amount of Rs. 11250.00 Crores is available for the subsidized supply to BJ/KJ and IP sets installations, and that there is no change in the Policy of the Government in the matter of free supply to BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a sanctioned load of 10 HP and below. It is further informed that this amount is required to be considered in determination of retail supply tariff by the Commission for FY20. It is also informed that the tariff subsidy beyond the allocated subsidy amount in the budget is not available.

The Commission notes that, as per the provisions of the Electricity Act, 2003 and the Policy of the State Government to supply free power to BJ/KJ installations (consuming up to 40 Units per month) and IP Sets installations having sanctioned load of 10 HP and below, the Government has to fully meet the cost of such subsidized supply. The Commission makes it clear that any shortfall in subsidy cannot be passed on to the other consumers, who are already paying tariffs with high level of cross subsidies and any increase on such higher

tariff of other consumers would correspondingly increase the cross subsidy levels, which would be against the provisions of the Electricity Act and the Tariff Policy, that emphasize gradual reduction in cross subsidy at a level not exceeding plus or minus 20% of the cost of supply.

Under the circumstances, the Commission directs the ESCOMs as follows:

The ESCOMs including MESCOM shall manage supply of power to the IP sets for the FY20, so as to ensure that it is within the quantum of subsidy committed by the GoK. While doing so, they shall procure power proportionate to such supply. In case the ESCOMs choose to supply power to the IP sets in excess of the quantum proportionate to the amount of subsidy available from the GoK for FY20, the difference in the amount of subsidy relating to such supply shall be claimed from the GoK. If the difference in subsidy is not paid by the GoK, the same shall be collected from the IP set consumers.

LT4 (b) Irrigation Pump Sets above 10 HP:

MESCOM's Proposal

The Existing and proposed tariff for LT-4(b) is as follows:

**LT-4 (b) Irrigation Pump Sets:
Applicable to IP Sets above 10 HP**

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.60 per HP	Rs.80 per HP
Energy charges for the entire consumption	325 paise per unit	375 paise per unit

The existing and proposed tariff for LT4(c) is as follows:

LT-4 (c) (i) - Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations up to & inclusive of 10 HP

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.50 per HP	Rs.70 per HP
Energy charges for the entire consumption	325 paise per unit	375 paise per unit

LT-4 (c) (ii) - Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations above 10 HP

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.60 per HP	Rs.80 per HP
Energy charges for the entire consumption	325 paise per unit	375 paise per unit

Approved Tariff:

The Commission decides to revise the tariff in respect of these categories as shown below:

**LT-4 (b) Irrigation Pump Sets:
Applicable to IP Sets above 10 HP**

Fixed charges per Month	Rs.70 per HP
Energy charges for the entire consumption	350 paise/unit

**LT4(c) (i) - Applicable to Horticultural Nurseries,
Coffee, Tea & Rubber plantations up to & inclusive of 10 HP**

Fixed charges per Month	Rs.60 per HP
Energy charges	350 paise / unit

LT4 (c)(ii) - Applicable to Horticultural Nurseries, Coffee, Tea & Rubber plantations above 10 HP

Fixed charges per Month	Rs.70 per HP
Energy charges	350 paise/unit

5. LT5 Installations-LT Industries:

MESCOM's Proposal:

The existing and proposed tariffs are given in following Table:

LT-5 (a) LT Industries:**Applicable to arrears under City Municipal Corporation****i) Fixed charges**

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	i) Rs. 45 per HP for 5 HP & below ii) Rs. 50 per HP for above 5 HP & below 40 HP iii) Rs. 70 per HP for 40 HP & above but below 67 HP iv) Rs. 130 per HP for 67 HP & above	i) Rs. 65 per HP for 5 HP & below ii) Rs. 70 per HP for above 5 HP & below 40 HP iii) Rs.100 per HP for 40 HP & above but below 67 HP iv)Rs.150 per HP for 67 HP & above

Demand based Tariff (Optional)

Details	Description	Existing Tariff as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.65 per KW of billing demand	Rs.70 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.95 per KW of billing demand	Rs.100 per KW of billing demand
	67 HP and above	Rs.180 per KW of billing demand	Rs.200 per KW of billing demand

ii) Energy Charges

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
For the first 500 units	530 paise per unit	570 paise/ unit
For next 500 units	625 paise per unit	665 paise /unit
For the balance unit	655 paise per unit	695 paise /unit

LT-5 (b) LT Industries:**Applicable to all areas other than those covered under LT-5(a)****(i) Fixed charges**

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	i)Rs.40 per HP for 5 HP & below ii) Rs.45 per HP for above 5 HP & below 40 HP iii) Rs.65 per HP for 40 HP & above but below 67 HP iv)Rs.120 per HP for 67 HP & above	i) Rs.65 per HP for 5 HP & below ii) Rs.75 per HP for above 5 HP & below 40 HP iii) Rs.100 per HP for 40 HP & above but below 67 HP iv)Rs.150 per HP for 67 HP & above

Demand based Tariff (optional)

Details	Description	Existing Tariff as per 2018 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.60 per KW of billing demand	Rs.70 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.90 per KW of billing demand	Rs.100 per KW of billing demand
	67 HP and above	Rs.170 per KW of billing demand	Rs.200 per KW of billing demand

ii) Energy Charges

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
For the first 500 units	520 paise per unit	560 paise/ unit
For the next 500 units	610 paise per unit	650 paise/ unit
For the balance units	640 paise per unit	680 paise/ unit

**Existing ToD Tariff for LT5 (a) & (b):
At the option of the consumers:**

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

**Proposed ToD Tariff for LT5 (a) & (b):
At the option of the consumers**

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

Commission's Decision:**Time of the Day Tariff:**

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 Commission also decides to continue with two tier tariff structure introduced in the previous Tariff Orders, which are as follows:

- i) LT5 (a): For areas falling under City Municipal Corporations
- ii) LT5 (b): For areas other than those covered under LT5 (a) above.

Approved Tariff:

The Commission approves the tariff under LT 5 (a) and LT 5 (b) as given below:

Approved Tariff for LT 5 (a):

Applicable to areas under City Municipal Corporations

i) Fixed charges

Details	Approved by the Commission
Fixed Charges per Month	<ul style="list-style-type: none"> i) Rs.55 per HP for 5 HP & below ii) Rs.60 per HP for above 5 HP & below 40 HP iii) Rs. 80 per HP for 40 HP & above but below 67 HP iv) Rs.140 per HP for 67 HP & above

Demand based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.75 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.105 per KW of billing demand
	67 HP and above	Rs.190 per KW of billing demand

iii) Energy Charges

Details	Approved by the Commission
For the first 500 units	545 paise/unit
For the next 500 units	645 paise/ unit
For the balance units	675 paise/ unit

Approved Tariff for LT 5 (b):**Applicable to all areas other than those covered under LT-5(a)****i) Fixed charges**

Details	Approved Tariff
Fixed Charges per Month	i) Rs.45 per HP for 5 HP & below ii) Rs. 55 per HP for above 5 HP & below 40 HP iii) Rs.75 per HP for 40 HP & above but below 67 HP iv)Rs.125 per HP for 67 HP & above

ii) Demand based Tariff (optional)

Details	Description	Approved Tariff
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.70 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.100 per KW of billing demand
	67 HP and above	Rs.180 per KW of billing demand

iii) Energy Charges:

Details	Approved tariff
For the first 500 units	535 paise/ unit
For the next 500 units	630 paise/ unit
For the balance units	660 paise/unit

As discussed earlier in this Chapter, the approved ToD Tariff for LT5 (a) & (b): At the option of the consumers

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

6. LT6 Water Supply Installations and Street Lights:**MESCOM's Proposal:**

The existing and the proposed tariffs are given in the following Table:

LT-6(a): Water Supply

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.65/HP/month	Rs.90/HP/month
Energy charges	440 paise/unit	590 paise/unit

LT-6 (b): Public Lighting

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.80/KW/month	Rs.100/KW/month
Energy charges without LED bulbs	605 paise/unit	755 paise/unit
Energy charges for LED / Induction	505 paise/unit	655 paise/unit

LT-6(c)- Electric Vehicle Charging Stations (For Both LT & HT)

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
Fixed /Demand charges per KW /KVA	For LT - Rs.50 /KW/month For HT – Rs.180/KVA/month	For LT - Rs.70 /KW/month For HT – Rs.200/KVA/month
Energy charges (for both LT & HT)	485 paise/unit	525 paise/unit

Commission's decision:

The Commission approves the tariff for these categories as follows:

Tariff Approved by the Commission for LT-6 (a): Water supply

Details	Approved Tariff
Fixed Charges per Month	Rs.75/HP/month
Energy charges	460 paise/unit

Tariff Approved by the Commission for LT-6 (b): Public Lighting

Details	Approved Tariff
Fixed charges per Month	Rs.90 /KW/month
Energy charges	625 paise/unit
Energy charges for LED / Induction Lighting	525 paise/unit

Tariff Approved by the Commission for LT-6 (c) :**Electric Vehicle Charging Stations**

Details		Approved Tariff
Under LT Supply	Fixed charges per KW	Rs.60/KW/month
Under HT Supply	DC per KVA	Rs.190/KVA/month
	Energy charges per KWH for both LT & HT)	500 paise/unit

7. LT 7- Temporary Supply & Permanent supply to Advertising Hoardings:**MESCOM's Proposal:**

The existing rate and the proposed rate are given below:

Tariff Schedule LT-7(a)

Applicable to Temporary Power Supply for all purposes.

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
a) Less than 67 HP:	Energy charge at 1030 paise per unit subject to a weekly minimum of Rs.200 per KW of the sanctioned load.	Energy charge at 1250 paise per unit subject to a weekly minimum of Rs.250 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Applicable to power supply to Hoardings & Advertisement boards on Permanent connection basis.

Details	Existing as per 2018 Tariff Order	Proposed by MESCOM
a) Less than 67 HP:	Fixed Charge Rs.75 per KW/ month of the sanctioned load.	Fixed Charge Rs.100 per KW/ month of the sanctioned load.
	Energy charge at 1030 paise per unit	Energy charge at 1250 paise per unit

Commission's decision:

As decided in the previous Tariff Order, the tariff specified for installations with sanctioned load / contract demand above 67 HP shall continue to be covered under the HT temporary tariff category under HT5.

With this, the Commission decides to approve the tariff for LT-7 category as follows:

TARIFF SCHEDULE LT-7(a)

Applicable to Temporary Power Supply for all purposes.

LT 7(a)	Details	Approved Tariff
Temporary Power Supply for all purposes.	Less than 67 HP:	Energy charges at 1060 paise / unit subject to a weekly minimum of Rs.210 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Applicable to Hoardings & 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.

LT 7(b)	Details	Approved Tariff
Power supply on permanent connection basis	Less than 67 HP:	Fixed Charges at Rs.85 per KW / month
		Energy charges at 1060 paise / unit

H.T. Categories:

Time of Day Tariff (ToD)

The Commission decides to continue with the mandatory Time of Day Tariff for HT2 (a), HT-2(b) and HT2(c) consumers with a contract demand of 500 KVA and above. Further, the optional ToD will continue as existing for HT2 (a), HT-2(b) and HT2 (c) consumers with contract demand of less than 500 KVA. The details of ToD tariff are indicated under the respective tariff category.

The increase in billing demand to 85% of the CD, is hereby continued for billing of all the HT installations.

8. HT1- Water Supply & Sewerage**MESCOM's Proposal:**

The existing and proposed tariff are as given below:

The Existing and the proposed tariff – HT-1 Water Supply and Sewerage Installations.

Sl. No.	Details	Existing tariff as per 2018 Tariff Order	Proposed by MESCOM
1	Demand charges	Rs.200 / kVA of billing demand / month	Rs.250 / kVA for billing demand / month
2	Energy charges	500 paise per unit	650 paise per unit

Existing ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff to HT-1 category:

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's decision:

As discussed earlier in this chapter, the Commission approves the tariff for HT 1 Water Supply & Sewerage category as below:

Details	Approved Tariff for HT 1
Demand charges	Rs. 210/ kVA of billing demand / month
Energy charges	520 paise/ unit

As discussed earlier in this chapter, the approved ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer is as follows

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+)100 paise per unit
22.00 Hrs to 06.00 Hrs next day	(-) 100 paise per unit

9. HT2 (a) – HT Industries

MESCOM's Proposal:

The existing and proposed tariff are as shown in the following Table:

HT – 2 (a) Industries

Applicable to all areas of MESCOM

Details	Existing tariff as per Tariff Order 2018	Proposed by MESCOM
Demand charges	Rs.200 / kVA of billing demand / month	Rs.300 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	675 paise per unit	715 paise per unit
(ii) For the balance units	700 paise per unit	740 paise per unit

Railway traction under HT2 (a).

Details	Existing tariff as per Tariff order 2018	Proposed by MESCOM
Demand charges	Rs.210 / kVA at billing demand / month	Rs.300 / kVA of billing demand / month
Energy charges	600 paise per unit for all the units	715 paise per unit for all the units

Effluent Treatment Plants independently serviced outside the premises of installation under HT2(a)

Details	Existing tariff as per Tariff order 2018	Proposed by MESCOM
Demand charges	Rs. 210 / kVA at billing demand / month	Rs. 300 / kVA of billing demand / month
Energy charges	640 paise per unit for all the units	715 paise per unit for all the units

Existing ToD Tariff for HT-2(a)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2(a)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100 Paise per unit

Commission's Decision:

Commission hereby continues to allow billing of the electricity consumed by the effluent treatment plants and Drainage Water Treatment plants from the main meter or by sub-meter, at the same tariff schedule as applicable to the HT installations for which the power supply is availed.

Approved Tariff for HT – 2 (a):

The Commission approves the tariff for HT 2(a) category as under:

Applicable to all areas under MESCOM

Details	Tariff approved by the Commission
Demand charges	Rs. 210 / kVA of billing demand / month
Energy charges	
For the first one lakh units	695 paise/ unit
For the balance units	720 paise/ unit

The approved ToD tariff to HT2(a) tariff.

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100 paise per unit

Note: ToD Tariff is not applicable to Railway Traction installations.

Railway Traction under HT2(a)

Details	Tariff approved by the Commission
Demand charges	Rs.220 / kVA of billing demand / month
Energy charges	620 paise / unit for all the units

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.

Effluent Treatment Plants independently serviced outside the premises of any installation under HT2(a)

Details	Tariff approved by the Commission
Demand charges	Rs.220 / kVA of billing demand / month
Energy charges	660 paise / unit for all the units

Note: The ToD tariff is applicable to these installations, if the Special Incentive Scheme is not opted.

10. HT-2 (b) HT Commercial**MESCOM's Proposal:**

The existing and proposed tariff are as given below:

Existing and proposed tariff HT – 2 (b) HT Commercial**Applicable to all areas of MESCOM**

Details	Existing tariff as per Tariff Order 2018	Proposed by MESCOM
Demand charges	Rs.220 / kVA of billing demand / month	Rs.300 / kVA of billing demand / month
Energy charges		
(i) For the first two lakh units	845 paise per unit	895 paise per unit
(ii) For the balance units	855 paise per unit	905 paise per unit

Existing ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100 Paise per unit

Commission's Decision:

It is brought to the notices of the Commission that, the various activities listed under LT-3 (Commercial) tariff schedule are not specifically indicated under HT-2(b) tariff schedule, if the power is availed by these listed activities under HT supply. It is further noted that, as these listed activities are related to supply of power under LT or HT to commercial use / services only and the non-inclusion of these activities under HT-2(b) tariff schedule has led to wrong application in the ESCOMs. Therefore, the Commission decides to include all the activities listed under LT3 tariff schedule shall also be considered to be billed under HT2(b) tariff schedule by including the additional nomenclature - 'all the activities listed under LT3 tariff schedule and not included under HT2(b) tariff schedule shall be classified and billed under HT-2(b), if they avail power under HT supply'.

As discussed earlier in this chapter, the Commission approves the following tariff for HT 2 (b) consumers:

Approved tariff for HT – 2 (b) - HT Commercial**Applicable to all areas of MESCOM**

Details	Tariff approved by the Commission
Demand charges	Rs.230/ kVA of billing demand / month
Energy charges	
(i) For the first two lakh units	865 paise per unit
(ii) For the balance units	875 paise per unit

Approved ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+)100 paise per unit
22.00 Hrs to 06.00 Hrs (next day)	(-)100 paise per unit

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

The existing and proposed tariff are given below:

Existing and proposed tariff for 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:

Details	Existing tariff as per Tariff Order 2018	Proposed by MESCOM
Demand charges	Rs.200 / kVA of billing demand / month	Rs.300 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	660 paise per unit	785 paise per unit
(ii) For the balance units	700 paise per unit	825 paise per unit

Existing and proposed tariff for HT – 2 (c) (ii) –

Applicable to Hospitals and Educational Institutions other than those covered under HT2(c) (i)

Details	Existing tariff as per Tariff Order 2018	Proposed by MESCOM
Demand charges	Rs. 200 / kVA of billing demand / month	Rs. 300 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	760 paise per unit	885 paise per unit
(ii) For the balance units	800 paise per unit	925 paise per unit

Existing ToD Tariff for HT-2(c)(i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2 HT-2(c) (i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs (Next Day)	(-) 100 Paise per unit

Commission's Decision:

The Commission approves the following tariff for HT2(c) consumers.

Approved tariff for HT – 2 (c) (i)

Applicable to Government Hospitals, Hospitals run by Charitable Institutions, ESI Hospitals, Universities and Educational Institutions belonging to Government & Local Bodies, Aided Educational Institutions and Hostels of all Educational Institutions

Details	Approved Tariff
Demand charges	Rs.210/ kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	680 paise per unit
(ii) For the balance units	720 paise per unit

Approved tariff for HT – 2 (c) (ii)

Applicable to Hospitals/Educational Institutions other than those covered under HT2(c) (i)

Details	Approved Tariff
Demand charges	Rs.210 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	780 paise per unit
(ii) For the balance units	820 paise per unit

As discussed earlier in this Chapter approved

ToD for Tariff to HT-2(c) (i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs next day	(-) 100 paise per unit

12. HT-3(a) Lift Irrigation Schemes under Government Departments / Government owned Corporations/ Lift Irrigation Schemes under Private Societies:

The existing and proposed tariff are given in the following Table:

Existing and proposed tariff for HT3 (a) –Lift Irrigation Schemes

HT3(a) (i) Applicable to LI Schemes under Government Departments / Government owned Corporations

Details	Existing charges as per Tariff Order 2018	Proposed by MESCOM
Energy charges/ Minimum charges	250 paise / unit Subject to an annual minimum of Rs.1360 per HP / annum	350 paise / unit Subject to an annual minimum of Rs.1380 per HP / annum

HT 3(a) (ii) Applicable to Private LI Schemes and Lift Irrigation Societies: fed through Express / Urban feeders

Details	Existing Tariff as per Tariff Order 2018	Proposed by MESCOM
Fixed charges	Rs. 60 / HP / Month of sanctioned load	Rs. 80 / HP / Month of sanctioned load
Energy charges	250 paise / unit	350 paise / unit

HT 3(a) (iii) Applicable to Private LI Schemes and Lift Irrigation Societies: other than those covered under HT-3 (a)(ii)

Details	Existing Tariff as per Tariff Order 2018	Proposed by MESCOM
Fixed charges	Rs.40 / HP / Month of sanctioned load	Rs.60 / HP / Month of sanctioned load
Energy charges	250 paise / unit	350 paise / unit

Commission's Decision:

The Commission approves the following tariff for HT3(a) consumers:

Approved tariff for HT 3 (a) (i)

Applicable to LI schemes under Government Department/ Government owned Corporations

Energy charges / Minimum charges	275 paise/ unit subject to an annual minimum of Rs.1480 per HP / annum
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Approved tariff for HT 3 (a) (ii)

Applicable to Private LI Schemes and Lift Irrigation Societies fed through express/ urban feeders:

Fixed charges	Rs.70 / HP / Month of sanctioned load
Energy charges	275 paise / unit

Approved tariff for HT 3 (a) (iii)

Applicable to Private LI Schemes and Lift Irrigation Societies other than those covered under HT 3 (a) (ii)

Fixed charges	Rs.50 / HP / Month of sanctioned load
Energy charges	275 paise / unit

13. HT3 (b) Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations:

MESCOM's Proposal:

The existing and the proposed tariff are given below:

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations:

Details	Existing Tariff Order 2018	Proposed by MESCOM
Energy charges / minimum charges	450 paise / unit subject to an annual minimum of Rs.1360 per HP of sanctioned load	550 paise / unit subject to an annual minimum of Rs.1380 per HP of sanctioned load

Commission's Decision:

The Commission approves the tariff for this category as indicated below:

Approved Tariff

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Rubber, Coconut & Arecanut Plantations:

Details	Approved Tariff
Energy charges / minimum charges	475 paise / unit subject to an annual minimum of Rs.1480 per HP of sanctioned load

14. HT4- Residential Apartments/ Colonies:**MESCOM's Proposal:**

The existing and the proposed tariff for this category are given below:

**Existing and proposed tariff for HT – 4 - Residential Apartments/ Colonies
HT – 4 Applicable to all areas.**

Details	Existing Tariff Order 2018	Proposed by MESCOM
Demand charges	Rs.120 / kVA of billing demand	Rs.150/ kVA of billing demand
Energy charges	640 paise per unit	740 paise/ unit

Commission's Decision:

As discussed earlier in this chapter, the Commission approves the tariff for this category as indicated below:

Approved tariff**HT – 4 Residential Apartments/ Colonies Applicable to all areas**

Demand charges	Rs.130 / kVA of billing demand
Energy charges	665 paise/ unit

15. TARIFF SCHEDULE HT-5**MESCOM's Proposal:**

The existing and the proposed tariffs are given below:

HT – 5 – Temporary supply

67 HP and above:	Existing	Proposed
Fixed charges / Demand Charges	Rs.250/HP/month for the entire sanction load / contract demand	Rs.300/HP/month for the entire sanction load / contract demand
Energy Charges	1030 paise / unit	1250 paise / unit

Commission's Views/Decisions:

The approved tariff in respect of HT-5 is as under:

TARIFF SCHEDULE HT-5

- (i) As approved in the Commission's Tariff Order dated 6th May, 2013, this Tariff is applicable to 67 HP and above hoardings, advertisement boards and construction-power for industries excluding those categories of consumers covered under HT2(b) Tariff schedule availing power supply for

construction power for irrigation and power projects and is also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

Approved Tariff for HT – 5 – Temporary supply

67 HP and above:	Approved Tariff
Fixed Charges / Demand Charges	Rs.260 /HP/month for the entire sanction load / contract demand
Energy Charges	1060 paise / unit

The Approved Tariff schedule for FY20 is enclosed in **Annexure– IV** of this Order.

6.6 Wheeling and Banking Charges:

MESCOM has proposed wheeling charges of 37 paise/unit and 87 paise/unit for HT network and LT network, respectively. Further it is stated that proposed technical losses of 4.37% at HT level and 6.79% at LT level are applicable.

The Commission in its preliminary observations had asked MESCOM to clarify as to whether the above wheeling charges are proposed to RE sources also. If not, MESCOM was directed to submit its proposal.

MESCOM in its replies has submitted that the proposed wheeling charges and wheeling losses made applicable to all Non-RE open access/wheeling transactions needs to be made applicable to RE sources.

While the Commission has noted the replies furnished, the approach of the Commission regarding wheeling & banking charges is discussed in the following paragraphs:

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:

6.6.1 Wheeling within MESCOM Area:

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 under:

TABLE – Wheeling Charges

Distribution ARR-Rs. Crs	531.42
Sales-MU	5050.52
Wheeling charges- paise/unit	105.22
	Paise/unit
HT-network	31.57
LT-network	73.65

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

Loss allocation	% loss
HT	4.29
LT	6.67

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

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

Injection point →	paise/unit	
	HT	LT
Drawal point ↓		
HT	32(4.29%)	106(10.96%)
LT	106(10.96%)	74(6.67%)

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 MESCOM network, except for energy transmitted or wheeled from renewable sources to the consumers within the State.

6.6.2 WHEELING OF ENERGY USING TRANSMISSION NETWORK OR NETWORK OF MORE THAN ONE LICENSEE

6.6.3 In case the wheeling of energy [other than RE sources wheeling to consumers within the State] 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 losses. 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 & MESCOM's network and 100 units is injected, then at the drawal point the consumer is entitled for 86.22 units, after accounting for Transmission loss of 3.162% & MESCOM's technical loss of 10.96%.

The Transmission charge in cash as determined in the Transmission Tariff Order shall be payable to KPTCL & Wheeling Charge of 106 paise per unit shall be payable to MESCOM. In case more than one ESCOM is involved, the above 106 paise shall be shared by all the ESCOMs involved.

- iii. If ESCOMs' network only is used, 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 MESCOM's network, and 100 units is injected, then at the drawal point the consumer is entitled for 89.04 units, after accounting MESCOM's technical loss of 10.96%.

The Wheeling charge of 106 paise per unit applicable to MESCOM shall be equally shared between MESCOM & 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	BESCO Network	MESCOM Network	CESC Network	HESCO Network	GESCO Network
Drawal point ↓						
KPTCL Network	Transmission charges & Losses as per KPTCL's Order	Transmission charges & Losses as per KPTCL's Order and BESCO'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 BESCO'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 BESCO'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 BESCO'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 BESCO's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn
BESCO Network	Transmission charges & Losses as per KPTCL's Order and BESCO's wheeling charges & Technical losses as per illustration-1 of BESCO's Tariff Order	BESCO's network charges and technical losses as per BESCO's tariff order under the heading 'wheeling within BESCO area' which again depends on point of injection or drawal	BESCO's network charges and technical losses as per illustration-2 of BESCO's tariff order	BESCO's network charges and technical losses as per illustration-2 of BESCO's tariff order	BESCO's network charges and technical losses as per illustration-2 of BESCO's tariff order	BESCO's network charges and technical losses as per illustration-2 of BESCO'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	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 CESC's tariff order under the heading 'wheeling within CESC area' which again depends on	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

Injection point →	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
Drawal point ↓						
	losses as per illustration-1 of CESC's Tariff Order			point of injection or drawal		
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 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 GESCOM's tariff order under the heading 'wheeling within GESCOM area' which again depends on point of injection or drawal

6.6.4 CHARGES FOR WHEELING OF ENERGY BY RE SOURCES (NON-REC ROUTE) TO CONSUMERS IN THE STATE

The separate orders issued by the Commission from time to time in the matter of wheeling and banking charges for RE sources (Non-REC route) wheeling energy to consumers within the State shall be applicable.

6.6.5 CHARGES FOR WHEELING ENERGY BY RE SOURCES WHEELING ENERGY FROM THE STATE TO A CONSUMER/OTHERS OUTSIDE THE STATE AND FOR THOSE OPTING FOR RENEWABLE ENERGY CERTIFICATE[REC]

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 6.6.1 and 6.6.3 of this Order shall be applicable. For Captive RE generators including solar power projects opting for RECs, the wheeling charges as specified in the Orders issued by the Commission from time to time shall be applicable.

6.6.6 BANKING CHARGE

Banking Charges as specified in the Orders issued by the Commission from time to time shall be applicable.

6.7 CROSS SUBSIDY SURCHARGE[CSS]:

The MESCOM, in its tariff application, has proposed for FY20 the following CSS stating that the same is computed based on Tariff policy, 2016, limiting it to 20% of average cost of supply:

Voltage level	HT-1	HT-2a	HT-2b	HT-2C	HT-4	HT-5
66kV & above	-	1.91	2.13	2.00	-	1.09
HT-33 kV	-	1.90	2.13	2.00	-	1.01
HT-11kV	-	1.71	2.13	2.00	-	0.82

The determination of cross subsidy surcharge by the Commission is discussed in the following paragraphs: -

The Commission 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.

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

Paise/unit

Tariff category	Category Tariff paise/unit 'T' (Avg. of ESCOMs)	State Average Cost of supply @ 66 kV and above level* paise/unit $C/(1-1/100)+D+R]$	State Average Cost of supply at @ HT level** paise/unit $C/(1-1/100)+D+R]$	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)	
HT-1 Water Supply	581.51	504.59	550.31	76.92	31.20	116.30
HT-2a Industries	858.19	504.59	550.31	353.61	307.88	171.64
HT-2b Commercial	1013.27	504.59	550.31	508.68	462.96	202.65
HT-2 (C)(i)	821.47	504.59	550.31	316.89	271.16	164.29
HT-2 (C)(ii)	951.61	504.59	550.31	447.03	401.30	190.32
HT3 (a)(i) Lift Irrigation	275.01	504.59	550.31	-229.58	-275.30	55.00
HT3 (a)(ii) Lift Irrigation	364.43	504.59	550.31	-140.16	-185.88	72.89
HT3 (a)(iii) Lift Irrigation	393.13	504.59	550.31	-111.46	-157.18	78.63
HT3 (b) Irrigation & Agricultural Farms	473.68	504.59	550.31	-30.90	-76.63	94.74
HT-4 Residential Apartments	733.86	504.59	550.31	229.28	183.55	146.77
HT5 Temporary	1300.79	504.59	550.31	796.20	750.48	260.16

*Includes weighted average power purchase costs of 431.15 paise/unit, transmission charges of 59.03Ps/unit and transmission losses of 3.23% including commercial losses at EHT.

** Includes weighted average power purchase costs of 431.15 Ps/unit, transmission charges of 59.03Ps/unit and transmission losses of 3.23% including commercial losses at EHT, HT distribution network / wheeling charges of 25.59 Ps/unit and HT distribution losses of 4.32% including commercial losses at HT.

Note: The carrying cost of regulatory asset 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 under:

Particulars	Paise/unit	
	66 kV & above	HT level-11 kV/33kV
HT-1 Water Supply	77	31
HT-2a Industries	172	172
HT-2b Commercial	203	203
HT-2 (C)(i)	164	164
HT-2 (C)(ii)	190	190

Particulars	66 kV & above	HT level-11 kV/33kV
HT3 (a) (i) Lift Irrigation	0	0
HT3 (a) (ii) Lift Irrigation	0	0
HT3 (a) (iii) Lift Irrigation	0	0
HT3 (b) Irrigation & Agricultural Farms	0	0
HT-4 Residential Apartments	147	147
HT5 Temporary	260	260

Note: wherever CSS is negative, 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 MESCOM. 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.

6.8 Additional Surcharge:

ESCOMs in its tariff application for the approval of ARR for the control period FY20-22 and for revision of retail supply tariff for FY20, have submitted that they have tied up sufficient quantum of power, after approval by this Commission, by considering the overall growth in sales. However, a large number of its high revenue yielding consumers are buying power under Open Access (OA) instead of availing power from the ESCOMs. As a result, a part of generation capacity tied up by them remains idle. Consequently, ESCOMs need to back down the generation and also pay Fixed Charges (Capacity Charges) to the generators for the capacity contracted, irrespective of the actual energy drawn by it. Thus, there is a need for recovery of part of the fixed cost from the OA consumers towards the idle capacity (stranded capacity) arising out of the power purchase obligation, through levy of additional surcharge.

In view of above, ESCOMs in their tariff application have proposed levy of additional surcharge for FY20 as given below:

ESCOM	Additional Surcharge proposed-Rs. Per unit
BESCOM	1.13
MESCOM	1.27
CESC	0.49
HESCOM	-
GESCOM	1.00

The Commission observed that the ESCOMs had proposed the levy of additional surcharge based on the proposed ARR for FY20. Hence, they were directed to submit the rates of additional surcharge based on the actual figures as per audited accounts for FY18. In compliance to the observation, ESCOM have proposed the rates of additional surcharge based on the audited accounts for FY18 as follows:

ESCOM	Revised Additional Surcharge proposed Rs. Per unit
BESCOM	0.55
MESCOM	4.88
CESC	1.02
HESCOM	1.88
GESCOM	1.17

Considering the above submissions, the Commission has examined the admissibility of the additional surcharge keeping in view the following aspects:

1. Legality and validity of levy of additional surcharge.
2. OA consumers on whom the additional surcharge is leviable.
3. Methodology for determination of additional surcharge.

The above aspects are analysed as under:

1. Legality and validity of levy of additional surcharge:

The Commission has examined the claim of ESCOMs to levy additional Surcharge on the OA consumers in the light of the statutory provisions of the Electricity Act, 2003, provisions of KERC (Terms and Conditions for Open Access) Regulations, 2004, the principles laid down in the National Tariff Policy and the rulings by the Hon'ble Supreme Court of India and the Hon'ble Appellate Tribunal for Electricity(ATE), in the matter as indicated below:

a. Section 42 (4) of the Electricity Act, 2003-Duties of Distribution Licensee and Open Access

"(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."

b. Regulation 11(vii) of the KERC (Terms and Conditions for Open Access) Regulations, 2004:

"11(vii) According to section 42 (4) of the Act, additional surcharge as may be specified by the Commission on charges of wheeling are payable by the consumer seeking open access for receiving supply from a source other than the distribution licensee of his area of supply to meet the fixed cost of the distribution licensee arising out of his obligation to supply. The open access customer shall be liable to pay such additional surcharge as may be determined by the Commission from time to time. Such additional surcharge shall be 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. However, in the case of a new open access customer (i.e. if the open access customer was not a consumer of the licensee,) no such additional surcharge is payable."

c. Clause 5.8.3 of the National Electricity Policy:

"5.8.3 Under sub-section (2) of Section 42 of the Act, a surcharge is to be levied by the respective State Commissions on consumers switching to alternate supplies under open access. This is to compensate the host distribution licensee serving such consumers who are permitted open access under section 42(2), for loss of the cross-subsidy element built into the tariff of such consumers. An additional surcharge may also be levied under sub-section (4) of Section 42 for meeting the fixed cost of the distribution licensee arising out of his obligation to supply in cases where consumers are allowed open access. The amount of surcharge and additional surcharge levied from consumers who are permitted open access should not become so onerous that it eliminates competition that is intended to be fostered in generation and supply of power directly to consumers through the provision of Open Access under Section 42(2) of the

Act. Further it is essential that the Surcharge be reduced progressively in step with the reduction of cross-subsidies as foreseen in Section 42(2) of the Electricity Act 2003."

d. Clause 8.5.4 of the Tariff Policy, 2016:

"8.5.4 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. The fixed costs related to network assets would be recovered through wheeling charges.

e. Ruling of the Hon'ble Supreme Court dated 25.04.2014 in Civil Appeal 5479 of 2013 (8 SCC 444), SESA Sterlite Vs CERC & Others:

"27. The issue of open access surcharge is very crucial and implementation of the provision of open access depends on judicious determination of surcharge by the State Commissions. There are two aspects to the concept of surcharge-one, the cross-subsidy surcharge i.e. the surcharge meant to take care of the requirements of current levels of cross-subsidy, and the other, the additional surcharge to meet the fixed cost of the distribution licensee arising out of his obligation to supply. The presumption, normally is that generally the bulk consumers would avail of open access, who also pay at relatively higher rates. As such, their exit would necessarily have adverse effect on the finances of the existing licensee, primarily on two counts-one, on its ability to cross subsidise the vulnerable sections of society and the other, in terms of recovery of the fixed cost such licensee might have incurred as part of his obligation to supply electricity to that consumer on demand (stranded costs). The mechanism of surcharge is meant to compensate the licensee for both these aspects".

f. Ruling of the Hon'ble APTEL in the order dated 29.04.2016 in Appeal No. 269 of 2014 and 204 of 2014, filed by the Open Access Users Association and others upholding the levy of the Additional Surcharge, duly accepting the findings of the HERC reproduced as follows:

"41) **Our consideration and conclusion on Issue No.(k)** - relating to additional surcharge:

41.1) We have given our thoughtful consideration to the rival contentions made by the parties on this issue of additional surcharge. The State Commission

dealing with issue of additional surcharge has observed as under in the Impugned Order:

“The Commission observes that the distribution licenses, based on the data provided by them for the period April 2013 to March 2014, have been able to conclusively prove, backed with calculations, that their long term power purchase commitments do get stranded most of the times when power is drawn by embedded open access consumers from other sources and the Discoms have to bear the fixed cost of such stranded power which ultimately get passed on to other consumers. They have worked out the cost of such stranded power and based on that has worked out the additional surcharge as 97 paise/unit for FY 2013-14. The Commission further observes that it would not be fair if the cost incurred by distribution licensees for the power purchase commitments stranded on account of power drawn by open access consumers from other sources is passed on to other consumers as that would amount to cross subsidising of the open access consumers by other consumers. It would also be fair to assume that, as the number of open access consumers and power drawn through open access is increasing every year, the additional surcharge worked on similar basis for FY 2014-15 would not work out less than as has been worked out by UHBVNL for FY 2013-14.”

41.2) We have considered the reasoning's recorded in the Impugned Order on this issue of additional surcharge. We find ourselves in agreement with the same findings and observations. The conditions for levy of additional surcharge are provided in the relevant regulations and the repetition of the same is not needed.”

As discussed in the subsequent paras, the Commission notes that though the current retail supply tariff consists of Demand Charges (Fixed Cost-FC) and Energy Charges, the component of FC does not enable recovery of entire fixed charge obligations of the Distribution Licensees and a substantial portion of the fixed charge is being recovered through energy charges. Hence, whenever an existing consumer avails Open Access (OA), to the extent of energy drawn from the OA sources, there is under recovery of the Fixed Charges and thus there is an unavoidable obligation on the part of supply companies to bear the stranded fixed cost, which has to be recovered from the other consumers.

whenever the consumers are allowed open access, the fixed cost of power purchase of the existing PPAs get stranded to the extent of consumption through open access and thus, there is unavoidable obligation on the part of the Distribution Companies to bear fixed costs. In case the additional surcharge is not levied, the same has to be passed on to the other consumers of the licensee, which would not be fair.

Thus, as per the above provisions/ rulings, the additional surcharge can be levied on the open access consumers, to meet the stranded fixed cost obligations of the distribution licensee arising out of its obligation to supply power.

2. OA consumers on whom the additional surcharge is leviable:

Some of the ESCOMs have proposed levy of additional surcharge on open access consumers, captive generation OA consumers and OA consumers using solar power, in view of the fact that the open access transactions are significantly increasing year after year. After examining the issue in detail, the Commission notes that the additional surcharge is leviable under Section 42 (4) of the Electricity Act, 2003 for meeting the fixed cost obligation of the distribution licensee arising out of its obligation to supply to the consumers when they avail open access. Hence, the Commission decides to levy additional surcharge on consumers availing power under Open Access, except for the consumption of energy from their captive generators for the own consumption.

3. Methodology Adopted for determination of additional surcharge:

ESCOMs have furnished computation of the Additional surcharge that has to be recovered from OA consumers, as per their ARR for FY20. It was observed by the Commission that the ESCOMs have computed the Additional Surcharge on the projected figures of ARR for FY20. Hence, ESCOMs were directed to submit the computations based on the actual figures as per the audited accounts for FY18, in order to ensure that the data provided by them should be able to substantiate that their fixed cost obligation gets stranded most of the times, when the power is drawn by the embedded consumers from other sources of supply of power through open access and that ESCOMs have to bear the fixed cost of such stranded power which ultimately get passed on to other consumers, if not recovered from such OA consumers. Hence, the ESCOMs were directed to compute the same as per APR for

FY18, with reference to the actuals as per the audited accounts for FY18. ESCOMs, in their compliance to the said observations, have furnished necessary data and have computed the additional surcharge as indicated in the pre-paras, to be recovered from the OA consumers during the FY20.

The Commission has proceeded to determine Additional surcharge for FY20 as follows:

The Commission notes that as per the information submitted by the SLDC and ESCOMs, the total energy drawn by the OA consumers during FY18 was 5546.88 MU consisting of energy purchase from Indian Electricity Exchange (IEX) and energy drawn through wheeling using transmission/distribution network. Thus, the Commission is of the considered view that to the extent of energy drawn under OA, the fixed cost per unit is not recovered by the ESCOMs and gets stranded.

The Commission has examined and considered the data as per audited accounts of ESCOMs for FY18, and the additional surcharge has been computed with reference to the approved APR for FY18.

Further, while deriving the stranded fixed cost, the Commission has ensured that the fixed cost arrived at for the stranded capacity, to the extent of energy consumed, is attributable to the open access consumers and the distribution licensee which has the universal service obligation.

The Commission notes that, when a consumer purchases electricity under Open Access, the ESCOMs lose the Fixed Charges embedded in the energy charges for the number of units of energy purchased under Open Access.

The Commission has determined the Additional Surcharge for the ESCOMs by allocating the total fixed cost of Power Purchase to EHT and HT consumers in proportion to their input energy. The Commission, while computing the Additional Surcharge, has excluded the KPTCL transmission charges & SLDC charges and the distribution network cost, as these charges are being recovered from the Open Access consumers for the use of transmission and distribution network. Further, the Commission has also considered the fixed cost associated with the retail supply business allocated to EHT and HT consumers in proportion to their energy sales. Based on the above, the total Fixed cost excluding KPTCL Transmission charges, SLDC

charges and Distribution network charges, is considered for computation of Additional Surcharge for EHT and HT consumers.

Further, out of the fixed charges recovered from EHT and HT consumers in retail supply tariff, the fixed costs allocated to EHT and HT consumers towards transmission and distribution network cost, is deducted on first charge basis. The balance of the fixed charges recovered through retail supply tariff is set off against the total stranded fixed cost attributable to HT/EHT consumers and the remaining stranded fixed cost has to be recovered from OA consumers by levy of additional surcharge.

Based on the above methodology, the additional surcharge recoverable from the consumers of ESCOMs is worked out as follows:

ESCOM	Computed Additional Surcharge Rs. Per unit
BESCOM	0.91
MESCOM	1.85
CESC	1.24
HESCOM	1.65
GESCOM	1.59

The Commission notes that, as per the additional surcharge computed as above, there is a wide variation in the rates of additional surcharge to be recovered from the OA consumers among the ESCOMs. Since, the retail supply tariff and the cross subsidy surcharge applicable to the consumers of the State is uniform across the State, the Commission decides to adopt a uniform Additional Surcharge across the State which is worked out, by considering the total fixed cost of all the ESCOMs as follows:

Computation of Additional Surcharge for FY20

	Particulars	Unit	110kV & 66 kV	11 kV	LT	Total
1	Power Purchase Cost of the State	Rs.in Cr.	-	-	-	30515.77
2	Distribution of Power Purchase Cost (Based on share of voltage-wise energy Input)	Rs.in Cr.	1403.21	5901.49	23211.06	30515.77
3	Energy Input Share in percentage	%	4.598	19.339	76.063	100
4	Total Fixed Charges Power Purchase cost (Excluding KPTCL Transmission charges+ SLDC)	Rs.in Cr.	-	-	-	7011.30
5	Distribution of Fixed Charges in Power Purchase cost -Voltage-	Rs.in Cr.	327.60	1394.04	5289.66	7011.30

	wise (Based on share of energy Input)					
6	KPTCL Transmission Charges+ SLDC (Based on share of energy input)	Rs.in Cr.	132.60	534.47	2126.51	2793.58
7	Fixed cost in Retail Supply Business (Based on share of energy sales)	Rs.in Cr.	135.18	467.70	1804.78	2407.66
8	Distribution network costs (Based on share of energy sales)	Rs.in Cr.	237.43	713.93	2995.17	3946.53
9	Total Fixed cost (column number 5+6+7)	Rs.in Cr.	-	-	-	16159.07
10	Fixed cost recoverable in wheeling and banking charges (transmission charges + SLDC + Distribution network costs) (column number 6+8)	Rs.in Cr.	370.04	1248.41	5121.66	6740.11
11	Balance of Fixed Cost to be recovered through additional surcharge (column number 5+7)	Rs.in Cr.	462.78	1861.75	7094.43	9418.96
12	Total Fixed Cost recoverable from HT/EHT consumers (excluding Transmission and Distribution Network cost)	Rs.in Cr.	462.78	1861.75	-	2324.53
13	Fixed charges recovered by ESCOMs through tariff from HT/EHT consumers	Rs.in Cr.	2353.36	-	-	-
14	Less: Fixed Charges allocated to transmission and distribution network cost	Rs.in Cr.	1618.44	-	-	-
15	Balance available fixed charges (column number 13-14) from HT consumers	Rs.in Cr.	734.92	-	-	734.92
16	Shortfall in recovery of Fixed Cost to be considered for recovery of additional surcharge (column number 14-15)	Rs.in Cr.	-	-	-	1589.61
17	Total HT/EHT Sales of ESCOMs	In MU	-	-	-	13591.70
18	Additional Surcharge (column number 16/17)	Rs./unit				1.17

As per the above computations, a uniform Additional Surcharge across ESCOMs in the State that has to be levied to OA consumers works out to Rs. 1.17 per unit.

The Commission is mandated by the Electricity Act, 2003, to encourage open access with a view to promote competition and at the same time has to protect the interest of the consumers of the distribution companies in the State. In this background, the Commission is of the considered view that levying additional surcharge of Rs.1.17 per unit would burden the open access transactions and at the same time if it is not levied, it would burden the consumers of the distribution licensees. In order to balance the

interest of both OA consumers and the other consumers, the Commission decides to levy 50% of uniform additional surcharge of Rs.1.17 per unit, duly rounding off to the nearest ten paise i.e. Rs. 0.60 per unit (sixty paise per unit) as Additional Surcharge to be recovered from OA consumers for FY20.

The above Additional Surcharge shall be payable by the HT/EHT open access consumers to the concerned distribution licensee on a monthly basis, based on the actual energy drawn during the month, through Open Access.

Further, to encourage renewable sources of power, the Commission decides to levy Additional Surcharge of 15 paise per unit (25% of 60 paise per unit) for the energy procured under OA from Renewable Energy Sources.

6.9 Other Issues:

6.9.1 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).

6.9.2 Other tariff related issues:

i) Rebate for use of Solar Water Heater:

The Distribution Licensees have requested the Commission to continue the Solar water heater rebate to the consumers. The consumers have requested to increase the Solar water heater Rebate. Since the Government of Karnataka has mandated the installation of solar water heater on the roof of the residential buildings on certain conditions and the use of Solar Water Heaters is advantageous to both the ESCOMs and the consumers, the Commission by considering the financials of the ESCOMs, decides to retain the existing rebate of 50 paise per unit subject to a maximum of Rs.50 per installation per month for use of solar water heaters under tariff schedule LT2(a).

ii) Prompt payment incentive:

The Commission had approved a prompt payment incentive at the rate of 0.25% of the bills amount in respect of:

- (i) in all cases of payment through ECS;
- (ii) in the case of monthly bill exceeding Rs.1,00,000/- (Rs.one lakh), where payment is made 10 days in advance of due date and
- (iii) advance payment of exceeding Rs.1000 made by the consumers towards monthly bills.

The Commission decides to continue the prompt payment incentive as above.

iii) 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).

iv) Power Factor:

The Commission in its previous order 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 decides 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

v) 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.

vi) Interest on delayed payment of bills by consumers:

The Commission, in its previous Order had approved collection of interest on delayed payment of bills at 12% per annum. The Commission decides to continue the same in this Order also.

vii) 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.

viii) 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 upto 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.

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 MOP, GoI, decides to continue to allow MESCOM to

collect payment of monthly power supply bill through Electronic clearing system (ECS)/ Debit / Credit cards / RTGS/ NEFT/ Net Banking through ESCOMs / Bank/ 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 MESCOM to incur and claim the expenditure on such transaction in the ARR. **However, the Commission decides to allow MESCOM 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.**

6.10 Cross Subsidy Levels for FY20:

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 MESCOM 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.

6.11 Effect of Revised Tariff:

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, all the ESCOMs including MESCOM have filed their

applications for revision of tariff on 30th November, 2017. Hence, the revised tariff will be effective from 1st April, 2019 onwards.

A statement indicating the proposed revenue and approved revenue is enclosed vide Annexure-3 and detailed tariff schedule is enclosed vide Annexure -4.

6.12 Summary of the Tariff Order:

The following is summary of the Tariff Order 2019:

- The Commission has approved for MESCOM an ARR of Rs.3603.24 Crores for FY20, which includes the deficit for FY18 of Rs. 28.22 Crores with a net gap in revenue of Rs.166.67 Crores as against MESCOM's proposal for approval of ARR of Rs.4153.51 Crores and a gap of Rs.706.39 Crores.
- The Commission has approved an ARR of Rs.3847.76 Crores and Rs.4048.06 Crores as against the proposed ARR of Rs.3753.02 Crores and Rs.3973.74 Crores for FY21 and FY22 respectively.
- The Commission has allowed recovery of the entire approved gap in revenue with additional revenue of Rs.166.67 Crores on Tariff Revision as against the additional revenue of Rs.706.39 Crores proposed by MESCOM for FY20.
- MESCOM in its filing dated 30.11.2018 had proposed an average increase of 138 paise per unit for all categories of consumers resulting in average increase in retail supply tariff by 20.49%. The Commission has approved an average increase of 33 paise per unit. The average increase in retail supply tariff of all the consumers for FY20 is 4.85%.
- MESCOM in its petition, has proposed to increase both the demand charges and energy charges for all category of consumers.
- The Commission has allowed recovery of additional revenue, partly by increase in fixed charges ranging from Rs.5 to Rs.10 per KW/HP/KVA to all the categories of consumers wherever applicable.

- The Commission has allowed recovery of additional revenue partly by increase in the energy charges in the range of 15 paise per unit to 30 paise per unit.
- Time of the day tariff which was made mandatory in the previous Tariff Orders for installations under HT2 (a), HT2 (b) and HT2(c) with contract demand of 500KVA and above with the inclusion of morning peak period from 06.00 Hrs to 10.00 Hrs is continued in this Order except Railway Traction Installation.
- The Commission, in order to increase the energy sales and to attract consumers to consume power from ESCOMs has decided to continue the existing Special Incentive Scheme to HT category, during FY20.
- The Commission has allowed the concessional tariff of Rs.6.20 per unit to the Railway Traction installation.
- The energy consumption of Effluent Treatment Plant and Drainage Water Treatment Plants installed within the premises of the consumer's installations by drawing power from the main meter or through sub-meter, will be continued to be billed at the respective tariff category for which the power supply is availed for the installation.
- The Commission, by considering the environmental and social benefits in processing of the Solid Waste, has decided to continue to bill the power supply arranged to Solid Waste Processing Plant under LT/HT Industrial Category.
- The Commission has continued the sub-category of LT-6(c) under LT -6 Tariff Schedule for concessional power supply to the Electric Vehicle Charging Stations.
- Green tariff of additional 50 paise per unit over and above the normal tariff, which was introduced a few years ago for HT industries and HT commercial consumers at their option, to promote purchase of renewable energy from ESCOMs, is continued in this Order.

- o As in the previous Orders, the Commission has continued to provide a separate fund for facilitating better Consumer Relations /Consumer Education Programmes.
- o The Commission, as decided in the previous tariff Order, has decided to continue to impose penalty upto Rupees one lakh per sub-division on MESCOM if it fail to conduct Consumer Interaction Meetings at least once in three months and such penalty would be payable by the concerned officers of the MESCOM.

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 APR for FY18 and determines the ARR for FY20-22 and notifies the retail supply tariff of MESCOM for FY20 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 2019.
3. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru this day, the 30th of May, 2019.

Sd/-

(Shambhu Dayal Meena)
Chairman

Sd/-

(H.M. Manjunatha)
Member

Sd/-

(M.D. Ravi)
Member