KARNATAKA ELECTRICITY REGULATORY COMMISSION
No.16 C-1, Miller Tank Bed Area, Vasanthanagara, Bangalore-560052

PRESS NOTE

REVISION OF ELECTRICITY TARIFF FOR 2018-19

The Karnataka Electricity Regulatory Commission (KERC) has approved revision of electricity retail supply tariff for all the Electricity Supply Companies (ESCOMs) and Hukeri Rural Electricity Co-operative Society in the State for the Financial year 2019 (1st April, 2018 to 31st March, 2019). The Commission has also determined revised retail supply tariff for consumers of Mangalore Special Economic Zone at Mangaluru and AEQUUS SEZ in Belagavi District. The transmission tariff to be collected by KPTCL from ESCOMs has also been revised for FY19. The revised tariff will come into effect for the electricity consumed from the first meter reading date falling on or after 1st April 2018.

The ESCOMs had sought a differential tariff hike ranging between 82 paise to 162 paise per unit for all categories of consumers as follows:

<table>
<thead>
<tr>
<th>ESCOM</th>
<th>Per unit Increase</th>
<th>Percentage Increase</th>
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<tbody>
<tr>
<td>BESCOM</td>
<td>82</td>
<td>13</td>
</tr>
<tr>
<td>MESCOM</td>
<td>123</td>
<td>19</td>
</tr>
<tr>
<td>CESC</td>
<td>113</td>
<td>18</td>
</tr>
<tr>
<td>HESCOM</td>
<td>123</td>
<td>19</td>
</tr>
<tr>
<td>GESCOM</td>
<td>162</td>
<td>26</td>
</tr>
</tbody>
</table>

As a uniform tariff is in vogue hitherto in the State, the Commission has approved uniform increase across all ESCOMs with a marginal differential increase in BESCOM area. The slab-wise increase in the energy charges is ranging between 15 paise to 30 paise per unit. The average increase in realisation rate (including fixed charges) in tariff is 38 paise per unit in respect of BESCOM with an overall percentage of increase of 5.93% and for other ESCOMs, the average increase in tariff is 30 paise per unit with the overall percentage of increase of 4.69%. The overall increase in tariff for the State is 5.30%.
As per the current tariff structure, the recovery of Fixed Charges (FC) from consumers is not commensurate with the actual fixed expenditure being incurred by the ESCOMs. Thus, only a part of the FC is being recovered through Energy Charges. The current level of recovery of fixed charges in only 28.56% and the remaining fixed charges is being recovered through energy charges. Hence, in order to ensure full recovery of FC, the Commission has decided to increase the FC gradually year on year. Accordingly, the Commission has approved a marginal increase in fixed charges in the range of Rs.5 per KW/HP/KVA to Rs.10 per KW/HP/KVA in respect of all the LT installations.

In respect of HT consumers, in line with the request of ESCOMs, an increase in billing demand from 75% to 85% of the Contract Demand, for all the HT consumers has been approved, considering that the FC recovery is not commensurate with the actual FC being incurred.

The tariff increase is necessitated due to increased gap in revenue of Rs.2485.62 Crores approved by the Commission as per the APR for FY17 and revision of ARR for FY19 owing to the increase in power purchase cost and reduced availability of cheaper Hydel power owing to poor monsoon substituted by the procurement of costlier power from new thermal stations in FY17 & FY19. The increase in power purchase cost for FY19 is about 23 paisa per unit, attributable to the above reasons.

**Highlights of the new Tariff Order:**

- **Special Incentive Scheme for HT Consumers:** A Special incentive scheme has been introduced for all the HT Consumers for usage of energy during 10.00 Hrs to 18.00 Hrs by allowing an incentive of Rs.1/- per unit, over and above their base consumption and for the consumption during the night i.e. 22.00 Hrs to 6.00 Hrs an incentive of Rs.2/- per unit is allowed for all the units consumed. However, the ToD tariff (penal charges of one Rupee per unit) would continue for the energy consumed during morning peak hours between 6.00 Hrs to 10.00 Hrs and the evening peak hours between 18.00 Hrs to 22.00 Hrs.

- The Commission has approved concessional tariff of Rs.5.00 per unit to BMRCL with a reduction of Rs.1 per unit from the existing tariff round the clock without ToD tariff and Special incentive scheme.
➢ To encourage electrification of Railway traction leading to use of clean energy and reduction of carbon emission in the State, the Commission has approved concessional tariff to Railway traction at Rs. 6.00 Per Unit round the clock (concession of 40 paise per unit) without ToD tariff and Special incentive scheme.

➢ The Tariff for the Effluent Treatment Plants and the Sewerage Water Treatment Plant, located within the premises of the consumer installations, the tariff shall be the same as applicable to the respective category of installations.

➢ The Commission considering the environmental and social benefits of processing solid waste, has approved LT and HT industrial category tariff to Solid Waste processing plants.

➢ To ensure timely redressal of consumer grievances, reiterating the earlier directive to the ESCOMs, the Commission has directed the ESCOMs to conduct Consumer’s Interaction meetings at every Sub-Division Offices once in three months under the Chairmanship of either the SE of the circle or the EE of the Division. In case of failure to conduct such meetings, the Commission will impose a penalty of upto one lakh rupees per Sub-Division, payable by the concerned Officers.

➢ The Commission, in accordance with the principles under the Multi-Year Tariff (MYT) Regulations has determined the revised Annual Revenue Requirement (ARR) for FY19. The Commission has also taken up the Annual Performance Review (APR) of all the Licensees for FY17 and the deficit/surplus thereon has been factored in the revised ARR for FY19.

Salient Features of Tariff Order 2018 issued for FY19:

Domestic Consumers:

For the domestic consumers, installations of Government/Charitable Educational Institutions and hospitals in BESCOM (BBMP & the other Municipal Corporation areas), the overall tariff increase is 25 paise per unit and the tariff for monthly consumption upto 30 units is increased from Rs. 3.25 per unit to
Rs.3.50 per unit and for consumption between 31 and 100 units, the tariff is increased from Rs.4.70 per unit to Rs.4.95 per unit. The tariff for monthly consumption of 101-200 units is increased from Rs.6.25 to Rs.6.50 per unit. The tariff for monthly consumption of 200-300 units is increased from Rs.7.30 to Rs.7.55 per unit. The tariff for monthly consumption of 300- 400 units is increased from Rs.7.35 to Rs.7.60 per unit. The tariff for monthly consumption of above 400 units is increased from Rs.7.40 to Rs.7.65 per unit.

For the domestic consumers in rural areas of BESCOM (under Village Panchayats), the tariff for monthly consumption of upto 30 units is increased from Rs.3.15 per unit to Rs.3.40 per unit and for consumption between 31 and 100 units the tariff is increased from Rs.4.40 per unit to Rs.4.65 per unit. The tariff for monthly consumption of 101-200 units is increased from Rs.5.95 to Rs.6.20 per unit and for 201-300 units the increase is from Rs.6.80 to Rs.7.05 per unit. The tariff for monthly consumption of above 300 units is increased from Rs.6.85 to Rs.7.10 per unit.

For the domestic consumers in areas coming under Municipal Corporations and Urban Local bodies of other ESCOMs, the tariff for monthly consumption of upto 30 units is increased from Rs.3.25 per unit to Rs.3.45 per unit and for consumption between 31 and 100 units, the tariff is increased from Rs.4.70 per unit to Rs.4.95 per unit. The tariff for monthly consumption of 101-200 units is increased from Rs.6.25 to Rs.6.50 per unit. The tariff for monthly consumption of above 200 units is increased from Rs.7.30 to Rs.7.55 per unit.

For the domestic consumers in village panchayat areas of other ESCOMs, the tariff for monthly consumption of upto 30 units is increased from Rs.3.15 per unit to Rs.3.35 per unit and for consumption between 31 and 100 units, the tariff is increased from Rs.4.40 per unit to Rs.4.65 per unit. The tariff for monthly consumption of 101-200 units is increased from Rs.5.95 to Rs.6.20 per unit. The tariff for monthly consumption of above 200 units is increased from Rs.6.80 to Rs.7.05 per unit.

**Industrial Consumers:**

The increase in the tariff for LT Industrial consumers across the State is in the range of 20 paise to 25 paise per unit. The revised rates for LT industrial users in
BBMP & Other Municipal Corporation areas of BESCOM will be Rs.5.50 per unit (existing rate of Rs.5.25) for the first 500 units of monthly consumption and Rs.6.75 per unit (existing rate of Rs.6.50) for consumption above 500 units.

For LT Industrial users in Municipal areas of other ESCOMs, the new rates will be Rs.5.30 per unit (existing rate Rs.5.10) for the first 500 units of monthly consumption, Rs.6.25 per unit (existing rate Rs.6.05) for consumption from 501 to 1000 units and Rs.6.55 per unit (existing rate Rs.6.35) for consumption above 1000 units.

For LT Industrial users in all other areas of ESCOMs, the new rates will be Rs.5.20 per unit (existing rate Rs.5.00) for the first 500 units of monthly consumption, Rs.6.10 per unit (existing rate Rs.5.90) for consumption from 501 to 1000 units and Rs.6.40 per unit (existing rate Rs.6.20) for consumption above 1000 units.

For the HT Industrial users across the State, the increase in tariff is in the range of 20 paise per unit to 25 paise per unit. For HT Industrial users in BBMP and other Municipal Corporation areas of BESCOM, the new tariff will be Rs.6.90 per unit (existing rate Rs.6.65) for the first one lakh units of monthly consumption and Rs.7.20 per unit (existing rate Rs.6.95) for consumption beyond one lakh units.

For the HT Industrial users in all other areas of BESCOM the new tariff will be Rs.6.80 per unit (existing rate Rs.6.60) for the first one lakh units of monthly consumption and Rs.7.00 per unit (existing rate Rs.6.80) for consumption beyond one lakh units.

For the HT Industrial users in all areas of other ESCOMs, the new tariff will be Rs.6.75 per unit (existing rate Rs.6.60) for the first one lakh units of monthly consumption and Rs.7.00 per unit (existing rate Rs.6.80) for consumption beyond one lakh units.

**Commercial Consumers:**

For LT commercial category users, the increase in tariff is 25 paise per unit. The new tariff in urban local body areas including BBMP and City Municipal Corporation areas in all ESCOMs will be Rs.7.75 per unit (existing rate Rs.7.50) for the first 50 units of monthly consumption and Rs.8.75 per unit (existing rate of Rs.8.50) for consumption beyond 50 units. In the rural areas, the new rates will
be Rs.7.25 per unit for the first 50 units of monthly consumption (existing rate Rs.7.00) and Rs.8.25 per unit (existing rate Rs.8.00) for consumption beyond 50 units.

For the HT Commercial users in BBMP, City Municipal Corporation and other urban local body areas of ESCOMs, the increase in tariff is 25 paise per unit. The new tariff will be Rs.8.70 per unit (existing rate of Rs.8.45) for the first two lakh units of monthly consumption and Rs.8.80 per unit (existing rate of Rs.8.55) for consumption beyond two lakh units.

For the HT Commercial users in all other areas of BESCOM, the increase in tariff is 25 paise per unit. The new tariff will be Rs.8.50 per unit (existing rate Rs.8.25 per unit) for the first two lakh units of monthly consumption and Rs.8.60 per unit (existing rate Rs.8.35 per unit) for consumption beyond two lakh units.

For the HT Commercial users in all other areas of other ESCOMs, the increase in tariff is 20 paise per unit. The new tariff will be Rs.8.45 per unit (existing rate of Rs.8.25 per unit) for the first two lakh units of monthly consumption and Rs.8.55 per unit (existing rate of Rs.8.35 per unit) for consumption beyond two lakh units.

**Water Supply and Public Lighting:**

The Commission has marginally increased the tariff for LT water supply installations by 15 paise per unit only from the existing rate of Rs.4.25 per unit to Rs.4.40 per unit. The rate for HT water supply installations is also increased by 15 paise per unit from Rs.4.85 per unit to Rs.5.00 per unit.

**Concessional Tariff for Streetlight Installations with LED/Induction Lamps:**

The Commission has extended revised promotional tariff of Rs.5.10 per unit after allowing a rebate of one rupee for installing LED/Induction lamp lighting for streetlight installations by the urban and rural local bodies including BBMP. For Installations without the use of LED lamps, the revised tariff payable is Rs.6.10 (existing tariff Rs.5.85 per unit)

**Educational Institutions and Hospitals:**

The Commission has increased the tariff in the range of 20 to 25 paise per unit for private educational institutions and private hospitals in the LT category. The revised LT tariff in BBMP, Municipal Corporation and Urban Local Body areas of
BESCOM is fixed at Rs.6.75 per unit (existing rate Rs.6.50) for the first 200 units of monthly consumption and Rs.8.00 per unit (existing rate Rs.7.75) for consumption beyond 200 units. In other areas, the revised tariff is Rs.6.20 per unit (existing rate Rs.5.95) for the first 200 units of monthly consumption and Rs.7.45 per unit (existing rate Rs.7.20) for consumption beyond 200 units.

The revised LT tariff in Municipal Corporation and Urban Local Body areas of other ESCOMs is fixed at Rs.6.70 per unit (existing rate Rs.6.50) for the first 200 units and Rs.7.95 per unit (existing rate Rs.7.75) for consumption beyond 200 units. In other areas, the revised tariff is Rs.6.15 per unit (existing rate Rs.5.95) for the first 200 units and Rs.7.40 per unit (existing rate Rs.7.20) for consumption beyond 200 units.

The revised HT tariff for Government hospitals and hospitals run by charitable institutions as well as educational institutions belonging to Government and aided institutions in BESCOM area is Rs.6.65 per unit (existing rate Rs.6.40) for the first one lakh units and Rs.7.05 per unit (existing rate Rs.6.80) for consumption beyond one lakh units. In other ESCOMs areas, the revised tariff is Rs.6.60 per unit (existing rate Rs.6.40) for the first one lakh units and Rs.7.00 per unit (existing rate Rs.6.80) for consumption beyond one lakh units.

The revised HT tariff for Private Educational Institutions and Private Hospitals in BESCOM area is Rs.7.65 per unit (existing rate Rs.7.40) for the first one lakh units and Rs.8.05 per unit (existing rate Rs.7.80) for consumption beyond one lakh units. In other ESCOMs areas, the revised tariff is Rs.7.60 per unit (existing rate Rs.7.40) for the first one lakh units and Rs.8.00 per unit (existing rate Rs.7.80) for consumption beyond one lakh units.

**Green Tariff:**

To promote purchase and use of energy from Renewable Sources, Green Tariff at 50 paise per unit over and above the applicable Tariff for HT Industries & HT Commercial Consumers at their option, is continued.

**Government Subsidy:**

The estimated amount of subsidy to be paid to the ESCOMs by the Government towards free supply of electricity to 27.17 lakhs IP sets upto and inclusive of 10 HP, and 28.42 lakh Bhagya Jyothi/Kutira jyothi households is
Rs.11048.37 Crores for 2018-19 as against Rs.10047.76 Crores for 2017-18. The estimated consumption of IP Sets and Bhagya Jyothi/Kutira Jyothi Consumers for FY19 is 21413MU.

**Annual Revenue Requirement (ARR) of ESCOMs for FY19:**

On a detailed review of the Tariff Applications of the ESCOMs for the Financial Year 2018-19, the KERC has approved an overall expenditure (ARR) of Rs.38774.59 Crores collectively for all the ESCOMs, which would be supplying 57465 Million Units (excluding Transmission & Distribution losses of 16.23%) to the consumers, during FY19. The ESCOMs will procure 68,266 Million Units for this purpose during FY19, as against approved power purchase of 65576MU for FY18 (an increase of 4.10%). The Bangalore Electricity Supply Company (BESCOM) will procure 33261 Million Units which accounts for 49% of the total State’s energy with an ARR of Rs.19236 Crores for FY19.

The ESCOMs and Hukeri RECS had filed applications for approval of Annual Performance Review (APR) for FY17 and the Annual Revenue Requirement (ARR) for FY19 with proposals for revision of tariff for FY19 citing overall increase in the cost of power purchase and also increase in the cost of operations. The proposed and approved Annual Revenue Requirement (ARR) for FY19 (including the carry forward deficit for FY17) are as under:

**Proposed and approved ARR for FY19**

[Figures in Rs. Crores]

<table>
<thead>
<tr>
<th>ESCOMs</th>
<th>As Filed</th>
<th>As Approved</th>
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<tbody>
<tr>
<td>BESCOM</td>
<td>19680.34</td>
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<td>MESCOM</td>
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<td>CESC</td>
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<td>HESCOM</td>
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<td>GESCOM</td>
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<tr>
<td>Hukeri RECS</td>
<td>212.28</td>
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<td><strong>Total</strong></td>
<td><strong>42903.59</strong></td>
<td><strong>38774.59</strong></td>
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Revenue Gap FY19:

In the Annual Performance Review of all ESCOMs and Hukeri RECS for FY17, the Commission has determined a deficit in Revenue of Rs.2511 Crores. This deficit together with the estimated surplus of Rs.558.53 Crores for FY19 leaves an overall gap of Rs.1952.70 Crores to be recovered by increase in tariff for FY19.

Transmission Tariff for KPTCL for 2018-19 (FY19):

The Commission has approved an ARR of Rs.2975.91 Crores for FY19, inclusive of carry forward surplus in revenue of Rs.496.69 Crores, consequent to Annual Performance Review of FY17. The revised transmission tariff payable to KPTCL for 2018-19 will be Rs.115776/- MW/Month as against the existing tariff of Rs.111558/- per MW/Month approved for 2017-18. The revised transmission tariff for 2018-19 is included in the power purchase cost allowed to ESCOMs and is covered in the tariff revision approved for ESCOMs.

Determination of ARR and Retail supply tariff for Mangalore SEZ (MSEZL) and AEQUS SEZ:

The Commission has determined ARR of Rs.42.14 Crores for MSEZ and Rs. 14.83 Crores for AEQUS SEZ for FY19. The Commission has allowed in respect of industrial consumers a retail supply tariff of Rs. 6.85 per unit in MSEZ and Rs.6.50 per unit in AEQUS SEZ for FY19.

[Note: -The detailed category-wise revised tariff schedule is enclosed and the Tariff Orders of KPTCL, ESCOMs, HRECS, MSEZL & AEQUS SEZ for FY19 are available on the Commission’s website www.karnataka.gov.in/kerc]