

KARNATAKA ELECTRICITY REGULATORY COMMISSION
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PRESS NOTE

REVISION OF ELECTRICITY TARIFF FOR 2014-15

Karnataka Electricity Regulatory Commission (KERC) has approved revision of electricity supply tariff for all the Electricity Supply Companies in the State for the Financial Year 2014-15. The revised tariff will come into effect for the electricity consumed from the first meter reading date falling on or after 1st May 2014.

The average tariff increase approved by the KERC amounts to 32 paise per unit ranging from 10 paise to 50 paise per unit for different categories of consumers other than Irrigation Pump Sets and Bhagya Jyothi / Kuteer Jyothi households. This is against the 66 paise per unit increase sought by the ESCOMs uniformly for all categories of consumers other than IP set users and Bhagya Jyothi and Kuteer Jyothi beneficiaries.

Domestic Tariff:

The tariff increase for domestic consumers is 20 paise per unit for monthly consumption of less than 30 units and 30 paise per unit for consumption exceeding 30 units. The revised tariff for domestic consumers in urban areas will be Rs.2.70 per unit up to 30 units, Rs.4.00 per unit for consumption between 31 and 100 units, Rs.5.25 per unit for consumption between 101 and 200 units and Rs.6.25 per unit for consumption beyond 200 units per month.

For domestic consumers in rural areas, the revised rates will be Rs.2.60 per unit up to 30 units, Rs.3.70 per unit between 31 and 100 units, Rs.4.95 per unit between 101 and 200 units and Rs.5.75 per unit for consumption beyond 200 units per month.

For residential apartments under HT category, the tariff has been increased from Rs.4.90 to Rs.5.30 per unit.

Commercial & Industrial Tariff:

The tariff for Commercial and Industrial consumers across the State has been increased by 30 to 40 paise per unit. The revised rates for LT industrial units in Bangalore and other Municipal Corporation areas will be Rs.4.75 per unit for the first 500 units (30 paise increase) and Rs.5.85 per unit for consumption above 500 units (40 paise increase).

In other areas, the new rates will be Rs.4.55 per unit for the first 500 units (30 paise increase), Rs.5.35 per unit for consumption from 501 to 1000 units (40 paise increase) and Rs.5.65 per unit for consumption above 1000 units (40 paise increase).

For LT commercial units, the new tariff in urban areas including Bangalore and other city corporation areas will be Rs.6.75 per unit for the first 50 units and Rs.7.75 per unit for consumption beyond 50 units. In the rural areas, the new rates will be Rs.6.25 per unit for the first 50 units and Rs.7.25 per unit for consumption beyond 50 units. The increase in all these categories is 30 paise per unit.

For the HT industrial users in BBMP and other City Municipal Corporation areas, the new tariff will be Rs.5.75 per unit for the first one lakh units (40 paise increase) and Rs.6.15 per unit for consumption beyond one lakh units (40 paise increase). In all other areas, the new rates will be Rs.5.70 and Rs.6.00 respectively (35 paise increase).

For HT commercial users, in Bangalore and other city corporation areas, the new tariff will be Rs.7.35 per unit for the first 2 lakh units of consumption and Rs.7.65 per unit for consumption beyond 2 lakh units. In all other areas, the new rates will be Rs.7.15 and Rs.7.45 respectively. In all these categories, the increase is 40 paise per unit.

Government Subsidy:

The amount of subsidy to be paid by the Government towards free supply of electricity to 21.39 lakhs IP sets below 10 HP, and 22.90 lakh Bhagyajyothi / Kuritjyothi households is increased to Rs.6308 Crores for 2014-15 from Rs.5381 Crores paid for 2013-14. The bulk of this increase is on account of the increase in the average cost of power purchase

which has gone up from the estimated Rs.3.20 per unit in 2013-14 to Rs.3.59 per unit in 2014-15.

Water Supply and Public Lighting:

The Commission has increased the tariff for LT water supply installations by a nominal 10 paise per unit from the existing Rs.3.20 per unit to Rs.3.30 per unit. The rate for HT water supply installations is increased by 20 paise per unit from Rs.3.80 per unit to Rs.4.00 per unit. The tariff for streetlights has been increased from Rs.4.45 per unit to Rs.4.85 per unit in both urban and rural areas.

Educational Institutions and Hospitals:

The Commission has increased the tariff for private educational institutions and private hospitals in the LT category by 30 to 50 paise per unit. The revised LT tariff in Bangalore and all city corporation areas is at Rs.6.00 per unit for the first 200 units and Rs.7.20 per unit for consumption beyond 200 units. In all other areas, the revised tariff is Rs.5.50 and Rs.6.70 per unit.

The HT tariff for private educational institutions and private hospitals is Rs.6.40 per unit for the first one lakh units and Rs.6.90 for consumption beyond one lakh units. Government hospitals and hospitals run by charitable institutions as well as educational institutions belonging to Government and aided institutions will have a tariff of Rs.5.40 for the first one lakh units and Rs.5.90 for consumption beyond one lakh units of HT supply.

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

Fuel cost adjustment Charges:

The Commission has been determining the Fuel cost adjustment charges on a quarterly basis from 1st July 2013 onwards. The applicable FAC for each quarter is determined by the Commission through separate orders issued by the Commission.

Price Cap on Short term Power:

The Commission has observed that due to shortage of power in the State, ESCOMs are required to procure power on short term / medium term basis. The Commission has continued the price cap of Rs.4.50 per unit for power to be procured by ESCOMs on short term/medium term basis. The ESCOMs will require the Commission's prior approval for procurement of power above the price cap.

Annual Revenue Requirement (ARR) of ESCOMs for FY15:

On a detailed review of the Tariff Applications of the ESCOMs for the Financial Year 2014-15, the KERC has approved a total expenditure of Rs.27860 Crores for all the ESCOMs which would be supplying about 50097 Million Units (excluding Transmission & Distribution losses of about 18.44%) during FY15. The ESCOMs will procure during the current year about 61,722 Million Units as against about 56794MU procured for FY13. The Bangalore Electricity Supply Company (BESCOM) will account for about 50% of the energy procured at 30557 Million Units with an ARR of Rs.14213 Crores for FY15.

Other Highlights:

BESCOM, MESCOM, CESC, HESCOM and GESCOM had filed applications on 13.12.2013 for approval of Revised Annual Revenue Requirement with proposals for revision of tariff citing overall increase in the cost of operations and increase in the cost of power purchase. The proposed and approved Annual Revenue Requirement (ARR) for FY15 is as under:

Proposed and approved ARR for 2014-15 (FY15)

[Rs. In Crores]

ESCOM	Proposed	Approved
BESCOM	15650.71	14213.19
MESCOM	2562.15	2312.46
CESC	3125.66	2916.00
HESCOM	4965.91	5063.94
GESCOM	3655.53	3354.86
Total	29959.96	27860.45

Transmission Tariff for KPTCL for 2014-15 (FY15):

KPTCL had proposed an ARR of Rs. 2613.23 Crs for FY15 inclusive of a gap of Rs. 249.54 Crs for FY13. After detailed review of the proposal, the Commission has approved an ARR of Rs.2196.94 Crs, with a transmission tariff of Rs. 98324/- MW/Month as against the existing tariff of Rs.95442 per MW approved for 2013-14. The revised KPTCL tariff for 2014-15 is included in the power purchase cost allowed for ESCOMs and is covered by the tariff revision approved for ESCOMs.

[Note:- The detailed category wise revised tariff schedule is enclosed and the full text of the Tariff Orders of KPTCL and ESCOMs may be seen on the Commission's website www.karnataka.gov.in/kerc]