

## **PRESS NOTE**

### **REVISION OF ELECTRICITY TARIFF FOR 2013-14**

Karnataka Electricity Regulatory Commission (KERC) has approved revision of electricity tariff for all the Electricity Supply Companies in the State for the Financial Year 2013-14. The revised tariff shall be applicable for the financial year 2013-14 and will come into effect for the electricity consumed from the first meter reading date falling on or after 1<sup>st</sup> May 2013.

The average tariff increase approved by the KERC amounts to 23 paise per unit ranging from 20 paise to 30 paise per unit for different categories of consumers. This is against the 70 paise per unit increase sought by the ESCOMs uniformly for all the categories of consumers other than IP set users and Bhagya Jyothi and Kuteer Jyothi beneficiaries.

The lowest tariff increase of 20 paise per unit is approved for domestic consumers for the monthly consumption of less than 100 units. For consumption exceeding 100 units, the increase will be 25 paise per unit. The revised tariff for domestic consumers in urban areas will be Rs.2.50 per unit up to 30 units, Rs.3.70 per unit for consumption between 31 and 100 units, Rs.4.85 per unit for consumption between 101 and 200 units and Rs.5.85 per unit for consumption beyond 200 units per month.

For domestic consumers in rural areas, the revised rates will be Rs.2.40 per unit up to 30 units, Rs.3.40 per unit between 31 and 100 units, Rs.4.55 per unit between 101 and 200 units and Rs.5.35 per unit for consumption beyond 200 units per month.

For residential apartments under HT category, the tariff has been increased from Rs.4.70 to Rs.4.90 per unit.

#### **Commercial & Industrial Tariff:**

The tariff for Commercial and Industrial consumers across the State has been increased by 25 paise per unit.

The revised rates for LT industrial units in Bangalore will be Rs.4.45 per unit for the first 500 units and Rs.5.45 per units for consumption above 500 units. In other areas, the new rates

will be Rs.4.25 per unit for the first 500 units, Rs.4.95 per unit for consumption from 501 to 1000 units and Rs.5.25 per unit for consumption above 1000 units.

For LT commercial units, the new tariff in urban areas including Bangalore and other city corporation areas will be Rs.6.45 per unit for the first 50 units and Rs.7.45 per unit for consumption beyond 50 units. In the rural areas, the new rates will be Rs.5.95 per unit for the first 50 units and Rs.6.95 per unit for consumption beyond 50 units.

For the HT industrial users in BBMP and other City Municipal Corporation areas, the new tariff will be Rs.5.35 per unit for the first one lakh units and Rs.5.75 per unit for consumption beyond one lakh units. In all other areas, the new rates will be Rs.5.35 and Rs.5.65 respectively.

For HT commercial users, in Bangalore and other city corporation areas, the new tariff will be Rs.6.95 per unit for the first 2 lakh units of consumption and Rs.7.25 per unit for consumption beyond 2 lakh units. In all other areas, the new rates will be Rs.6.75 and Rs.7.05 respectively.

#### **Government Subsidy:**

The amount of subsidy to be paid by the Government towards free supply of electricity to 21.06 lakhs IP sets below 10 HP, and 22.90 lakh Bhagyajyothi / Kuritjyothi households is increased to Rs.5381 Crores for 2013-14 from Rs.4722 Crores paid for 2012-13. The bulk of this increase is on account of the increase in the consumption of IP Set users which is going up from 15318 million units estimated for 2012-13 to 16679 million units in 2013-14.

#### **Water Supply and Public Lighting:**

The Commission has not increased the tariff for LT and HT water supply installations both in urban and rural areas. The existing rates of Rs.3.20 per unit for LT water supply and Rs.3.80 per unit for HT water supply will continue. The tariff for streetlights has been increased from Rs.4.20 per unit to Rs.4.45 per unit in both urban and rural areas.-

#### **Educational Institutions and Hospitals:**

The Commission has not increased the tariff for private educational institutions in the LT category. The existing LT tariff for private educational institutions in Bangalore and all city

corporation areas is continued at Rs.5.70 per unit for the first 200 units and Rs.6.70 per unit for consumption beyond 200 units. In all other areas, the existing tariff of Rs.5.20 and Rs.6.20 per unit will continue. Private hospitals and nursing homes in the LT category which were earlier paying rates applicable to commercial consumers have been included in this category along with private educational institutions.

The Commission has introduced a new category of HT tariff for private educational institutions and private hospitals with a tariff of Rs.6.00 per unit for the first one lakh units and Rs.6.50 for consumption beyond one lakh units in addition to demand charges of Rs.170 per KVA. Government hospitals and hospitals run by charitable institutions and educational institutions belonging to Government and aided institutions will have a tariff of Rs.5.00 for the first one lakh units and Rs.5.50 for consumption beyond one lakh units of HT supply.

Green Tariff is slashed from the existing Re.1.00 per unit to 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 and to reduce carbon footprint.

Fuel cost adjustment Charges:

The Commission in its previous Tariff Order had decided to introduce a mechanism for collection of fuel cost adjustment from consumers. Accordingly, the Commission has notified the Regulations in the Official Gazette on 22nd March 2013 and the levy of these charges will come into force from 1st July 2013.

➤ **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. Even though the average per unit cost of short and medium term procurement of power has declined from Rs.6.93 in FY-09 to Rs.4.33 in 2013 the quantum of short / medium term power procured has increased from 1293.68 MUs in FY-09 (just 3.15 % of the total energy consumption of 41060.60 MU) to about 7700 MUs in FY13 (over 13% of around 58000 MU).

The Commission has increased the price cap to Rs.4.50 per unit for power procured by ESCOMs on short term basis as against the Rs.4.00 per unit imposed earlier. The ESCOMs will require the Commission's prior approval for procurement of power above the price cap.

➤ **Annual Revenue Requirement (ARR) of ESCOMs for FY14:**

On a detailed review of the Tariff Applications of the ESCOMs for the Financial Year 2013-14, the KERC has approved a total expenditure of Rs.24469 Crores for all the ESCOMs which would be supplying about 49267 Million Units (excluding Transmission & Distribution losses of about 18.92%) during FY14. The ESCOMs will procure during the current year about 61,074 Million Units as against about 58000 MU procured for FY13. The Bangalore Electricity Supply Company (BESCOM) will account for more than 50% of the energy supplied at 24978 Million Units with an ARR of Rs.12581 Crores for FY14.

➤ **Other Highlights:**

BESCOM, MESCOM, CESC, HESCOM and GESCOM had filed applications on 10.12.2012 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 FY14 is as under:

ESCOM	Rs. In Crores	
	FY14	
	Proposed	Approved
BESCOM	13513	12581
MESCOM	2188	2031
CESC	2743	2544
HESCOM	4383	4331
GESCOM	3193	2982
<b>Total</b>	<b>26021</b>	<b>24469</b>

➤ **Transmission Tariff for KPTCL for FY14:**

KPTCL had proposed an ARR of Rs. 2699 Crs for FY14 inclusive of a gap of Rs. 293 Crs for FY12. After detailed review of the proposal, the Commission has approved an ARR of Rs.2183 Crs, with a transmission tariff of Rs. 95442/- MW/Month. The same 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.kerc.org](http://www.kerc.org) ]*

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