



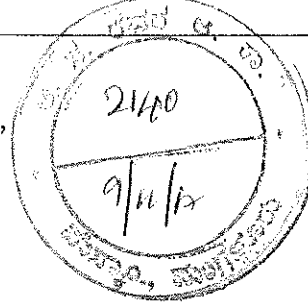
5825
13/11/17

ಬೆಂಗಳೂರು ವಿದ್ಯುತ್ ಸರಬರಾಜು ಕಂಪನಿ ನಿಯಮಿತ
BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED
(Wholly owned Government of Karnataka Undertaking)

No.BESCOM/BC-06/F-2017-18/90-38
Encl: Committee report

Corporate Office,
K.R. Circle, Bangalore-01
☎: 080-22383968
Date: 31.10.2017.

Under Secretary,
Energy Department, Government of Karnataka,
Vikasa Soudha,
Bangalore



Sir,

Sub: Report of Simplification of tariff Committee - reg.
Ref: Under Secretary, Government of Karnataka Order No.EN70PSR 2017 dated 04.09.2017 regarding submission of report on Electricity tariff simplification.

* * *

Inviting your kind attention to the above subject, a committee was constituted under the Chairmanship of the undersigned to simplify the electricity tariff in State Distribution Companies which would make the tariff more effective and transparent.

Simultaneously, Karnataka Electricity Regulatory Commission (KERC) proposed restructuring of the present tariff structure and circulated a letter "Rationalisation of Tariff Structure in Karnataka" dated 04.09.2017.

The Committee members met twice and deliberated on the subject. The report was finalised considering KERK's proposal on tariff restructure.

On behalf of the Committee, I am submitting this report. This is for your kind information.

Yours faithfully,

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]
**Director (Finance), BESCOM &
Chairman
(Simplification of tariff Committee)**

CA	
DCA(F)	
DCA(C)	
AO(A)	
AG(F)	
AG(DRS)	
AG(F)	
ALC	
AGM(A)	
AGM(P)	
PS	

Copy submitted to:

Hon'ble KERC, 697th floor, Mahalakshmi Chambers, Bengaluru.

1. Director (Finance), Energy Department, Room No. 225, 2nd Floor, Vikasa Soudha, Bangalore-01
2. Director (Commercial), PCKL, Kaveri Bhavan, Bangalore-09
3. Financial Advisor, HESCOM, Corporate Office, Navanagar, P.B.Road, HUBBALLI-580025
- ✓ 4. Financial Advisor, MESCOM, Corporate Office, MESCOM Bhavan, Bejai, Kavour Cross Road, Mangalore - 575004
5. Financial Advisor, CESC, CESC, No.29, Kaveri Grameena Bank Road, Vijayanagara 2nd stage, Mysore-570019
6. Financial Advisor, GESCOM, Corporate Office, Station Road, Kalburgi - 585101
7. General Manager(Commercial), CESC, No.29, Kaveri Grameena Bank Road, Vijayanagara 2nd stage, Mysore-570019
8. Superintending Engineer(Ele), East Circle, BESCOM, HRBR Layout, Bangalore
9. Deputy General Manager(Regulatory Affairs), BESCOM, Corporate Office, Bangalore-01
10. Deputy General Manager(Accounts),), BESCOM, Corporate Office, Bangalore-01
11. Osd to D(F), BESCOM, Corporate Office, Bangalore-01

Report of Simplification of tariff Committee

The Simplification of tariff Committee was constituted vide Government Order No.EN70PSR2017, Dtd 04.09.2017, Hon'ble Director (Finance) was nominated as the chair person comprising of the following officers.

1. Director (Finance), Energy Department
2. Director (Commercial), PCKL
3. Financial Advisor, HESCOM
4. Financial Advisor, MESCOM
5. Financial Advisor, CESC
6. Financial Advisor, GESCOM
7. General Manager(Accounts & Retail Tariff),), BESCO, Corporate Office
8. General Manager (Commercial), CESC
9. Superintending Engineer(Ele), East Circle, BESCO,

Background of the Study:

The Committee was formed to study tariff simplification across the ESCOMs. This simplification of tariff shall not impact the financials of the ESCOMs. The economically weaker section and the subsidized category are also safe guarded during the course of simplification of tariff. The electricity tariff becomes more efficient and transparent by reducing the number of categories of consumers, which should improve tariff collection and improve the health of distribution companies.

Scope of Work

- The Committee was required to carry out detailed analysis of the existing tariff structure, which would include the following:
- Identification of principles of tariff design, subsidy & cross subsidy as specified in the Tariff Order 2017, dated 11.04.2017.
- Refer to Electricity Act, 2003, and Tariff Policies and various regulations notified by Karnataka Electricity Regulatory Commission
- Tariff Structure of other States in India

Approach of the committee for completion of the assignment

1. Questionnaire hosted on ESCOMs website to obtain inputs from consumers
2. Assigning category wise tariff to each committee member for study
3. Views of ESCOMs on the present tariff structure
4. Final discussion on the study report submitted by the Committee members

I. Questionnaire hosted on ESCOMs website

The following questionnaires were hosted on ESCOMs website. The idea was to understand the consumer's responses.

1. Are tariffs reasonably capable of being understood by customers
2. Essential tariff categories required
3. Essential slabs within the tariff required
4. Load based tariff
5. A larger fixed component, to better reflect the costs of building and maintaining the current network, Lower variable charges – is it good solution?
6. Are customers empowered to make efficient electricity consumption choices
7. Are the tariff rates scalable or non-scalable (based on performance).

The reaction of the consumers to the above questions was nil in all the ESCOMs.

II. Assigning category wise tariff to each committee member for study

The tariffs were split up and divided amongst the members. The table below depicts the category assigned to each member of the Committee.

Sl.No.	Members	Assigned Category
1	Director (Commercial), PCKL	Street Light/Water Supply
2	Financial Advisor, HESCOM	Agriculture
3	Financial Advisor, MESCOM	Commercial
4	Superintending Engineer(Ele), CESC	Industrial
6	Superintending Engineer(Ele), East Circle	Proposal for kVAh billing
7	General Manager(A &RT)	Domestic

III. Views of ESCOMs on the present tariff structure

Meanwhile, Karnataka Electricity Regulatory Commission (KERC) proposed restructuring of the present tariff structure and circulated a letter regarding "Rationalisation of Tariff Structure in Karnataka" dated 04.09.2017. The Committee members decided to finalize the tariff structure considering the new proposed tariff structure by KERC along with the proposed structure by ESCOMs.

IV. Final discussion on the study report submitted by the Committee members

The existing and proposed tariff wise details are annexed. The major points discussed were:

- Merge both rural and urban consumers under one tariff as 24 hours supply is arranged to non-agricultural loads by implementing Niranthara Jyothi Yojana (NJY) in rural areas.
- Consumption wise segregation of its consumers in domestic category as a methodology of intra cross subsidization.
- Hospitals and Education institutions run by private/ aided or unaided institutions presently under LT2b tariff have potential to pay cross subsidy. Hence, these institutions may be included under Commercial Tariff.
- **Home Stay accommodation in Malnad and Coorg areas** presently in domestic tariff may be included in **LT3 tariff** as the activity is analogous to Commercial tariff
- LT 5 rural and urban consumers may be merged in view of NJY implementation.
- Billing cycle of LT7 tariff structure being 28 days is causing lot of inconvenience to public and the staff. Hence, billing cycle for LT7 may be in line with other categories for 30 days.
- IT Companies under IT/BT policy is costing on ESCOMs. They are also availing the other tariff incentives such as High Voltage rebate, Prompt payment incentive etc., and also getting energy at cheaper rates from IEX and Wheeling. Proposal to shift Software installations from HT2a category.

- Shifting of HT2c(i) to HT2a category and HT2©(ii) to HT2b category.
- kVAh billing may not be implemented as kWh is the active energy which is accounted. Further, the Input energy is also billed on the basis of kWh.

e. o. t. e.

**Director (Finance), BESCO &
Chairman
(Simplification of tariff Committee)**