

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



PRESS NOTE

REVISION OF ELECTRICITY TARIFF FOR FY2023-24

The Karnataka Electricity Regulatory Commission (KERC) has approved Revision of Retail Supply Tariff for Financial Year 2023-24 for all ESCOMs.

1. The salient features of the ESCOMs' Tariff Revision are:

ESCOMs' Proposals:

- a. **ESCOMs have prayed for approval of ARR of Rs.62,133.47 Crores** with a Revenue Deficit of **Rs.8,951.20 Crores for FY24**. To bridge this revenue deficit, the ESCOMs have proposed an average increase by **139 paise per unit** (ranging between 120 to 146 paise per unit). The revenue deficit of FY24 also includes revenue deficit of Rs.2337.08 Crores, as per Annual Performance Review (APR) for FY22;
- b. ESCOMs have proposed **16.83% increase in tariff**.

KERC's Approval:

- c. After scrutiny of ESCOM's applications, the Commission has approved total Annual Revenue Requirement (ARR) of Rs.58,109.95 Crores as against Rs.62,133.47 Crores sought by the ESCOMs in their Tariff Applications.
- d. The Commission has approved a net revenue deficit of **Rs.4,457.12 Crores for FY2023-24**, which includes revenue deficit of **Rs.1,720.11 Crores** as per Annual Performance Review (Truing Up) for FY22;
- e. The major reasons for increase in the ARR and the revenue gap is due to:
 - Revenue deficit of Rs.1,720.11 Crores as per APR for FY22;
 - Substantial increase in power purchase cost (by13%) for FY24 over FY23, due to increase in cost of coal and transportation cost thereon.
 - Revision of pay & allowance of employees by 20%;

- Increase in interest & Finance charges by 30%, due to increase in capex and the lending rates by the banks.
 - Increase in depreciation by 15%.
- f. As a result of increase in the ARR, the Average Cost of Supply for the State for FY24 has increased to Rs.9.12 per unit as against 8.42 per unit in FY23.
- g. To bridge the approved revenue gap of Rs.4,457.12 Crores, the Commission has approved average increase in consumer tariff by **70 paise per unit** in respect of all LT & HT categories, which accounts for overall increase by **8.31%**.
- h. Out of 70 paise increase, 57 paise is being recovered through Fixed Charges and the remaining 13 paise is being recovered as Energy Charges.
- i. To ensure adequate recovery of fixed costs being incurred by the ESCOMs, KERC has considered gradual increase in fixed/demand charges to all the category of consumers by reducing the energy charges in respect of HT Industries, HT Commercial, LT Domestic and Commercial categories. However, there is a marginal increase in the energy charges in respect of other categories.
- j. The revised tariff is effective from 1st of April, 2023.

2. Highlights of the New Tariff:

- a. Under Discounted Energy Rate Scheme (DERS), to encourage Industries and Commercial establishments to consume more power, the KERC has approved reduced energy charges of Rs.5.00 per unit as against the existing rate of Rs.6.00 per unit. **The Scheme which was applicable to HT consumers is now extended to LT Industries and LT Commercial Installations with a sanctioned load of 50 KW and above, also.**
- b. To encourage use of electric vehicles, the Energy charges for EV charging stations has been reduced to Rs.4.50 per unit against the existing rate of Rs.5.00 per unit
- c. To promote setting up of Data Centres in the State, industrial tariff is extended to Data Centres.
- d. Rebate for Micro and Small industries of 50 paise per unit is continued for one more year.

- e. As part of Tariff Rationalization & simplification, urban and rural categories are merged into one category and a rebate of 30 paise per unit is allowed to all the rural consumers.
- f. To promote purchase and use of energy from RE sources, green tariff 50 paise per unit over and above the applicable tariff applicable to HT industries and HT commercial, is continued.
- g. Concessional tariff to BMRCL & Railway traction is continued.
- h. The existing ToD tariff is continued.
- i. Introduced non-telescopic tariff slabs in respect of all the LT categories except LT Industrial tariff, as part of the Tariff Rationalization.
- j. To simplify the tariff structure number of category of consumers has been reduced from 31 to 21 categories.
- k. Slabs for levy of Demand/ Fixed charges and Energy charges are also reduced;
- l. After tariff rationalization cross subsidizing and cross subsidized consumer categories are as under:
 - ✓ Cross subsidizing Consumers: HT Industries, HT Commercial, HT Residential, LT Domestic, LT Commercial
 - ✓ Cross subsidized consumers: Irrigation Pump sets upto 10 HP, Irrigation pump sets above 10 HP, Nurseries & Plantations, LT & HT Water supply, Public Lighting, EV Charging Stations, Hospital & Educational Institutions under HT, and HT Lift Irrigation
- m. Goshalas are extended with domestic tariff;

3. **New Directives issued to ESCOMs:**

The Commission has issued the following new directives:

- i. The ESCOMs shall link R.R Nos. of I.P sets with Aadhar Nos. of the consumers, to be implemented within six months, failing which the Government shall not release subsidy in respect of R.R. Nos. not linked with Aadhar Nos.
- ii. Setting up of a Portal to maintain the details of PPAs executed and approved by the competent authorities to monitor the terms and conditions of the PPAs and also to regulate payment of power purchase bills online. The Generators shall upload their power supply bills on the said portal and the ESCOMs shall

make online payment with in the due dates. The portal shall be made operational in 3 months.

4. Subsidy payable by Govt.

The approved amount of subsidy payable by the Government towards free power supply to BJ/KJ & I.P set installations of ESCOMs is **Rs.14,508.08 Crores for FY24.**

5. The Summary of the Approved ARR, Sales and Power Purchase, in respect of all the ESCOMs, for the FY24 is as detailed in the following table:

SI No	Particulars	FY24
1	Approved ARR of ESCOMs by KERC Rs. Crores	58,109.95
2	Power purchase in MU at Generation Bus	73,217.66
3	Approved Transmission loss %	2.764
4	Approved Distribution loss in % (ESCOMs)	10.56
5	Total T & D loss in %	12.95
6	Approved sales in MU (ESCOMs) excluding T & D Losses	63,734.83

ESCOM-wise Proposed and Approved ARR for FY24:

[Figures in Rs. Crores]

ESCOM	FY24	
	As Proposed	As Approved
BESCOM	30,614.10	28,872.87
MESCOM	5,214.40	4,771.44
CESC	6,622.47	6,148.33
HESCOM	11,743.55	10,889.61
GESCOM	7,938.95	7,427.70
Total	62,133.47	58,109.95

6. Transmission Tariff of KPTCL:

The approved ARR of KPTCL for FY24 was Rs.5415.75 Crores. Against this, KPTCL has proposed revised ARR of Rs.8,219.21 Crores by including Rs.2,734.10 Crores towards Government portion of Pension & Gratuity amount as per Government Order dated 15.11.2022, Rs.5.33 Crores disallowed amount towards prudence check of capex and Rs.64.03. Crores towards deficit as per APR for FY22.

The Commission by considering the net revenue surplus of Rs.34.90 Crores as per APR of FY22, has approved revised ARR of Rs.5,575.85 Crores, without considering the amount of Rs.2,734.10 Crores towards Govt. portion of pension & gratuity, as claimed by KPTCL, for FY24.

The revised Transmission Tariff for FY24 is Rs.1,63,031 per MW per month considering the enhanced transmission capacity, as against 1,72,897 per MW per month approved earlier.

7. Determination of ARR for FY24 and Revision of Retail supply tariff for FY24 for Hukeri Rural Electric Co-Op. Society, (HRECS):

The Commission, by including the APR revenue deficit of Rs.33.64 Crores for FY22, has approved the revised ARR of Rs.256.12 Crores for FY24, as against Rs.310.20 Crores proposed by HRECS. The approved net revenue deficit for FY24 is Rs.2.28 Crores. The subsidy approved for free power supply is Rs.111.28 Crores for FY24.

8. Determination of ARR and revision of Retail supply tariff for Mangalore SEZ Ltd., (MSEZL) for FY24:

The Commission, by including the APR revenue surplus of Rs.1.60 Crores for FY22, has approved the revised ARR of Rs.70.14 Crores, for FY24 as against Rs.57.34 Crores proposed by MSEZL. The approved net revenue deficit for FY24 is Rs.1.788 Crores.

9. Determination of ARR and Retail supply tariff of AEQUS SEZ for FY24

The Commission, by including the APR revenue surplus of Rs.0.237 Crores for FY22, has approved the revised ARR of Rs.25.976 Crores, for FY24 as against Rs.24.83 Crores proposed by AEQUS SEZ. The approved net revenue deficit for FY24 is Rs.0.106 Crores.

The Tariff Orders of KPTCL, ESCOMs, HRECS, MSEZL & AEQUS SEZ are made available on the Commission's website <https://kerc.karnataka.gov.in>
