



**KARNATAKA ELECTRICITY REGULATORY COMMISSION**

# **TARIFF ORDER 2018**

OF

## **AEQUS**

***ANNUAL PERFORMANCE REVIEW FOR FY17***

**&**

***REVISION OF ANNUAL REVENUE REQUIREMENT  
FOR FY19***

**&**

***REVISION OF RETAIL SUPPLY TARIFF FOR FY19***

**14<sup>th</sup> May, 2018**

---

No. 16 C-1, Miller Tank Bed Area,  
Vasanthanagar, Bengaluru-560 052

Phone: 080-22268677/22268678/22268679

Fax: 080-22268667/22370214

Website: [www.karnataka.gov.in/kerc](http://www.karnataka.gov.in/kerc) - E-mail: kerc-ka@nic.in

# CONTENTS

<b>CHAPTER</b>		<b>Page No.</b>
<b>1.0</b>	Annual Performance Review for FY17	<b>6</b>
<b>1</b>	AEQUS Application APR for FY17	<b>6</b>
<b>2</b>	The Item wise review of revenue and expenditure and the decisions of the Commission thereon are as discussed in the following paragraphs:	<b>7</b>
<b>2(i)</b>	Sales for FY17	<b>7</b>
<b>2(II)</b>	Distribution Losses for FY17	<b>7</b>
<b>2(III)</b>	Power Purchase for FY17	<b>8</b>
<b>2(iv)</b>	RPO Compliance	<b>9</b>
<b>2(v)</b>	Operation and Maintenance Expenses	<b>9</b>
<b>2(vi)</b>	Depreciation	<b>12</b>
<b>2(vii)</b>	Interest on Capital Loan	<b>13</b>
<b>2(viii)</b>	Interest on Working Capital	<b>14</b>
<b>2(ix)</b>	Interest on Consumers Security Deposits	<b>15</b>
<b>2(x)</b>	Return on Equity	<b>16</b>
<b>2(xi)</b>	Income Tax	<b>16</b>
<b>2(xii)</b>	Other Income	<b>17</b>
<b>3</b>	Abstract of Approval ARR for FY17	<b>17</b>
<b>4</b>	Gap in Revenue for FY17	<b>17</b>
<b>2.1</b>	Revised Annual Revenue Requirement for FY19	<b>19</b>
<b>2(i)</b>	Capital Expenditure	<b>20</b>
<b>2(ii)</b>	Sales	<b>22</b>
<b>2(iii)</b>	Demand Side Management	<b>23</b>
<b>2(iv)</b>	Wheeling Charges and Cross Subsidy Surcharge	<b>24</b>
<b>2(v)</b>	Distribution Losses	<b>25</b>
<b>2(vi)</b>	Power Purchase Cost	<b>25</b>
<b>2(vii)</b>	Other Items of Expenditure	<b>27</b>
<b>3</b>	Abstract of Approved ARR for FY19	<b>35</b>
<b>4</b>	Average Cost of Supply for FY19	<b>36</b>
<b>5</b>	Gap in Revenue for FY19	<b>36</b>
<b>6</b>	Time of Day(ToD) Tariff	<b>37</b>
<b>7</b>	Commissions Order	<b>38</b>

## LIST OF TABLES

Table No.	Content	Page No.
<b>1.1</b>	APR for FY17-AEQUS's Submission	<b>6</b>
<b>1.2</b>	Power Purchase Cost for FY17	<b>8</b>
<b>1.3</b>	O&M Expenses for FY17-AEQUS Submission	<b>10</b>
<b>1.4</b>	Computation of Rate of Inflation	<b>11</b>
<b>1.5</b>	Allowable Depreciation for FY17	<b>12</b>
<b>1.6</b>	Allowable Interest on Capital Loans for FY17	<b>13</b>
<b>1.7</b>	Allowable Interest on Working Capital for FY17	<b>15</b>
<b>1.8</b>	Allowable Interest and Finance Charges	<b>15</b>
<b>1.9</b>	Allowable Return on Equity	<b>16</b>
<b>1.10</b>	Approved ARR for FY17 as Per APR	<b>17</b>
<b>2.1</b>	Revised ARR for FY19-AEQUS SEZ's Submission	<b>19</b>
<b>2.2</b>	Proposed capex for FY19	<b>21</b>
<b>2.3</b>	Investment of Cape for FY18	<b>21</b>
<b>2.4</b>	Cost of Power Purchase for FY19	<b>26</b>
<b>2.5</b>	Approved Sales and Power Purchase cost for FY19	<b>27</b>
<b>2.6</b>	O&M Expenses-AEQUS SEZ Proposal	<b>28</b>
<b>2.7</b>	Computation of Rate of Inflation	<b>28</b>
<b>2.8</b>	Approved O&M Expenses –FY19	<b>29</b>
<b>2.9</b>	Approved Depreciation for Y19	<b>30</b>
<b>2.10</b>	Approved Interest on Loan for FY19	<b>31</b>
<b>2.11</b>	Approved Interest on Working Capital –FY19	<b>33</b>
<b>2.12</b>	Approved Interest on Consumers Security Deposits for FY19	<b>34</b>
<b>2.13</b>	Approved Interest and Finance Charges for FY19	<b>34</b>
<b>2.14</b>	Approved Return on Equity for FY19	<b>35</b>
<b>2.15</b>	Approved ARR for FY19	<b>35</b>
<b>2.16</b>	Average cost of supply FY19	<b>36</b>
<b>2.17</b>	Revenue Gap for FY19	<b>36</b>