

CHAPTER-10

NEW PROPOSALS

1. **Simplification of Tariff Structure:**

GOK has constituted a committee for exploring the means for simplification of existing consumer tariff structure vide Order No.EN70PSR2017 dated 04-09-2017 with the Director (Finance), BESCOM as the Chairman of the Committee. Meanwhile, Hon'ble Commission has circulated a paper regarding "Rationalization of Tariff Structure in Karnataka" vide letter dated 04-09-2017. The Committee has finalized its recommendations considering the new proposed tariff structure by Hon'ble Commission.

Copy of the report submitted to GOK by the Chairman of the Committee is enclosed herewith as **Annexure-7** for kind consideration of the Hon'ble Commission.

2. **Increasing Billing Demand in respect of HT installations:**

It is to be submitted before the Hon'ble Commission that in UGVCL of Gujarath Billing Demand is being reckoned as follows;

Billing Demand shall be highest of the following;

- (a) Eighty Five percent of the Contract Demand.
- (b) Actual Demand registered during the month.
- (c) 15KW

Hence, the Hon'ble Commission is requested to approve to adopt Billing Demand @ 85% of the contracted demand or recorded demand whichever is higher, in line with the regulations being followed in UGVCL.

3. **Special Incentive Scheme:**

MESCOM is hereby submitting a Special Incentive Scheme proposal for HT-2a, HT-2b (excluding railway traction & effluent treatment plants) and HT-2c category of installations. This scheme is intended to encourage more consumption from the MESCOM grid rather than going for wheeling / open access arrangements. From this scheme MESCOM is expecting a considerable additional consumption under the categories compared to the position in FY-17.



Working modalities of the scheme are as below;

- i. The rate applicable for eligible consumption under the scheme is equal to the rate of 1st Slab consumption charges under the respective categories.
- ii. Eligibility: The consumption over and above the base consumption fixed for a month is eligible for tariff under the scheme. The base period is defined as the past 12 month's consumption. The base consumption shall be the average of monthly-billed energy supplied by MESCOM during the base period. Energy consumed under special scheme if any, during the base period shall not be accounted for arriving at base consumption.
- iii. The base consumption shall be computed on the average of 12 months' consumption excluding wheeled energy for the period from Jan 2016 to December 2016.
- iv. After opting to the scheme, if there is a permanent increase in the contract demand in these installations, the base consumption shall be increased by 100 units per KVA of the additional CD availed by the industry on permanent basis.
- v. For new industries serviced after January 2017, the criteria for these industries to be eligible for this special scheme shall be a minimum period of six months.
- vi. For new industries, which do not have 12 months' base consumption, the base consumption shall be computed on the actual consumption for the months in the base period plus the consumption computed at 100 per KVA per month for the remaining months of the base period.
- vii. MESCOM will have flexibility in fixing base consumption.
- viii. In order to avail the special scheme, 20% increase in contract demand shall be allowed to the availing consumers during the currency of the scheme which is optional to the consumers. Penalty for exceeding maximum demand for the consumers availing the scheme thus would be more than 120% of the sanctioned contract demand. The minimum billing demand shall also be enhanced accordingly.
- ix. The scheme will continue till the end of the financial year. However, MESCOM would endeavor to continue the scheme with the approval of



KERC for the ensuing year also with necessary modifications to the rate structure based on the tariff rates approved by KERC for the ensuing year.

- x. Consumer under the HT incentive scheme can avail other incentive in force.

Hon'ble Commission is requested to approve the above detailed Special Incentive Scheme.

4. Cross Subsidy Surcharge for Wheeling of Solar Energy:

The Cross Subsidy Surcharge calculated by KERC and recovered from Open Access consumers is often insufficient to recover the entire loss of cross subsidy. Added to this, no cross subsidy surcharge is applicable to open access/wheeling transactions from solar energy to encourage renewable energy. Further, Renewable Purchase Obligation targets are also fixed to ESCOMs and other installations to encourage solar energy.

As solar generation has increased significantly, it is submitted before the Hon'ble Commission to approve levy of Cross Subsidy Surcharge to Solar energy consumption through wheeling / open access also.

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