

KARNATAKA ELECTRICITY REGULATORY COMMISSION

6th & 7th Floor, Mahalakshmi Chambers, No. 9/2, M.G. Road, Bangalore-560001

PRESS NOTE

REVISION OF ELECTRICITY TARIFF FOR 2016-17

The Karnataka Electricity Regulatory Commission (KERC) has approved revision of electricity supply tariff for all the Electricity Supply Companies (ESCOMs) and Hukeri Rural Electricity Co-operative Society in the State for the FY17 (Financial Year 17). The Commission has also determined retail supply tariff for consumers of Special Economic Zones at Mangaluru and AEQUS SEZ in Belagavi District. The transmission tariff to be collected by KPTCL from ESCOMs has also been revised for FY17. The revised tariff will come into effect for the electricity consumed from the first meter reading date falling on or after 1st April 2016.

As against uniform tariff increase of 102 paise per unit proposed by the ESCOMs for all categories of consumers, KERC has allowed an average tariff increase of 48 paise per unit (ranging from 15 paise to 50 paise per unit) for different categories of consumers including consumers of Irrigation Pump Sets and Bhagya Jyothi / Kuteer Jyothi. In the case of Hukeri RECS, as against the proposed tariff increase of 60 paise per unit, the Commission has allowed an average tariff increase of 29 paise per unit for all categories other than IP Set category under LT4(a). The Commission has allowed a marginal increase in fixed cost in the range of Rs.5 per KW/HP/KVA to Rs.10 per KW/HP/KVA on all the LT & HT consumers. The overall increase in tariff is 9% over the existing tariff.

The tariff increase is necessitated due to the following reasons:

- Recovery of past Regulatory Assets of Rs.1105 Crores, which accounts for about 20 paise per unit.
- Increase in power purchase cost due to additional coal cess levied by Government of India, which accounts for about 8 paise per unit.
- The breakdown of Sharavathy Hydro Power Station resulting in procurement of high cost power, which accounts for about 5 paise per unit.

- The increase in power purchase cost due to addition of new sources of thermal power and increase in cost of operation of transmission and distribution utilities accounting for 15 paise per unit.

The Commission has also taken up the Annual Performance Review (APR) of all the Licensees for FY15 and the deficit/surplus thereon has been factored in the ARR for FY17.

The Commission, in accordance with the principles under the Multi Year Tariff (MYT) Regulations has also determined the Annual Revenue Requirement for each year of the control period FY17-19.

The Commission has also reviewed the status of compliance by the ESCOMs to the directives issued in the previous Orders.

Salient Features of Tariff Order 2016:

Domestic Consumers:

For the domestic consumers in **Urban areas**, the tariff for monthly consumption of upto 30 units is increased from Rs.2.70 per unit to Rs. 3.00 per unit and for consumption between 31 and 100 units, the tariff is increased from Rs.4.00 per unit to Rs. 4.40 per unit. The tariff for monthly consumption of 100-200 units is increased from Rs.5.40 to Rs.5.90 per unit and for consumption above 200 units, the tariff is increased from Rs.6.40 to Rs.6.90 per unit.

For the domestic consumers in **Rural areas**, the tariff for monthly consumption of up to 30 units is increased from Rs.2.60 per unit to Rs. 2.90 per unit and for consumption between 31 and 100 units the tariff is increased from Rs.3.70 per unit to Rs. 4.10 per unit. The tariff for monthly consumption of 100-200 units is increased from Rs. 5.10 to Rs.5.60 per unit and for consumption above 200 units per month the tariff is increased from Rs.5.90 to Rs.6.40 per unit.

Industrial Consumers:

The tariff for LT Industrial consumers across the State has been increased by 15 to 30 paise per unit. The revised rates for LT industrial units in BBMP & Municipal Corporation

areas in BESCO will be Rs.5.10 per unit (existing rate of Rs.4.90) for the first 500 units and Rs.6.30 per unit (existing rate of Rs.6.00) for consumption above 500 units.

In Municipal Corporation areas of Other ESCOMs, the new rates will be Rs.4.95 per unit (existing rate Rs.4.75) for the first 500 units, Rs.5.85 per unit (existing rate Rs.5.55) for consumption from 501 to 1000 units and Rs.6.15 per unit (existing rate Rs.5.85) for consumption above 1000 units.

In all other areas, the new rates will be Rs.4.85 per unit (existing rate Rs.4.70) for the first 500 units, Rs.5.70 per unit (existing rate Rs.5.50) for consumption from 501 to 1000 units and Rs.6.00 per unit (existing rate Rs.5.80) for consumption above 1000 units.

For the HT Industrial users in BBMP and other City Municipal Corporation areas in BESCO, the increase in tariff is in the range of 35 paise per unit to 45 paise per unit. The new tariff will be Rs.6.25 per unit (existing rate Rs.5.90) for the first one lakh units and Rs.6.75 per unit (existing rate Rs.6.30) for consumption beyond one lakh units.

For the HT Industrial users in all other areas of BESCO and in all areas of other ESCOMs, the increase in tariff is in the range of 35 paise per unit to 45 paise per unit. The new tariff will be Rs.6.20 per unit (existing rate Rs.5.85) for the first one lakh units and Rs.6.60 per unit (existing rate Rs.6.15) for consumption beyond one lakh units.

Commercial Consumers:

For LT commercial category, the increase in tariff is 20 paise per unit. The new tariff in BBMP, Municipal Corporation and all urban local bodies areas will be Rs.7.15 per unit (existing rate Rs.6.95) for the first 50 units and Rs.8.15 per unit (existing rate Rs.7.95) for consumption beyond 50 units. In the rural areas, the new rates will be Rs.6.65 per unit (existing rate Rs.6.45 per unit) for the first 50 units and Rs.7.65 per unit (existing rate Rs.7.45 per unit) for consumption beyond 50 units.

For the HT Commercial users in BBMP and other City Municipal Corporation areas in BESCO, the increase in tariff is 50 paise per unit. The new tariff will be Rs.8.05 per unit (existing rate Rs.7.55) for the first two lakh units and Rs.8.35 per unit (existing rate Rs.7.85) for consumption beyond two lakh units.

For the HT Commercial users in all other areas of BESCO and in all areas of other ESCOMs, the increase in tariff is 50 paise per unit. The new tariff will be Rs.7.85 per unit (existing rate of Rs.7.35 per unit) for the first two lakh units and Rs.8.15 per unit (existing rate of Rs.7.65 per unit) for consumption beyond two lakh units.

Water Supply and Public Lighting:

The Commission has increased the tariff for LT water supply installations by 50 paise per unit from the existing rate of Rs.3.40 per unit to Rs.3.90 per unit. The rate for HT water supply installations is increased by 40 paise per unit from Rs.4.10 per unit to Rs.4.50 per unit.

Concessional Tariff for Streetlight Installations with LED/Induction Lamps:

The Commission has extended promotional tariff of Rs.4.50 per unit (existing rate Rs.4.00) for local bodies installing energy efficient LED/Induction lamp lighting for streetlight installations. For others, the revised tariff is Rs.5.50 per unit (existing rate Rs.5.00).

Educational Institutions and Hospitals:

The Commission has increased the tariff for private educational institutions and private hospitals in the LT category. The revised LT tariff in BBMP, Municipal Corporation areas and Urban Local Bodies area is at Rs.6.25 per unit (existing rate Rs.6.00) for the first 200 units and Rs.7.45 per unit (existing rate Rs.7.20) for consumption beyond 200 units. In all other areas, the revised tariff is Rs.5.70 per unit (existing rate Rs.5.50) for the first 200 units and Rs.6.90 per unit (existing rate Rs.6.70) for consumption beyond 200 units.

The revised HT tariff for Government hospitals and hospitals run by charitable institutions as well as educational institutions belonging to Government and aided institutions is Rs.6.00 (existing rate Rs.5.60) for the first one lakh units and Rs.6.50 (existing rate Rs.6.10) for consumption beyond one lakh units.

The revised HT tariff for Private Educational Institutions and Private Hospitals is Rs.7.00 per unit (existing rate Rs.6.60) for the first one lakh units and Rs.7.50 (existing rate Rs.7.10) for consumption beyond one lakh units.

Green Tariff:

Green Tariff at 50 paise per unit over and above the applicable Tariff for HT Industries & HT Commercial Consumers at their option is continued, to promote purchase and use of energy from Renewable Sources.

Government Subsidy:

The estimated amount of subsidy to be paid by the Government towards free supply of electricity to 25.90 lakhs IP sets up to and inclusive of 10 HP, and 29 lakh Bhagya jyothi / Kutirjyothi households is Rs.8838 Crores for 2016-17 as against Rs.7197 Crores for 2015-16. The estimated consumption of these categories is 19687 MU for IP Sets and 312 MU for Bhagya Jyothi / Kutira Jyothi Consumers for FY17.

Fuel cost adjustment Charges (FAC):

The Commission has been determining the Fuel cost adjustment charges on a quarterly basis from 1st July 2013 onwards. The applicable FAC for each quarter is being determined by the Commission through separate orders.

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 basis. The Commission has continued the price cap of Rs.4.50 per unit for power to be procured by ESCOMs on short term-term basis. The ESCOMs will require the Commission's prior approval for procurement of power above the price cap.

Annual Revenue Requirement (ARR) of ESCOMs for FY17:

On a detailed review of the Tariff Applications of the ESCOMs for the Financial Year 2016-17, the KERC has approved an overall expenditure of Rs.31918 Crores collectively for all the ESCOMs, which would be supplying about 54012 Million Units (excluding Transmission & Distribution losses of about 17.46%) during FY17. The ESCOMs will procure about 65439 Million Units for the purpose during FY17 as against

about 59945 MU procured for FY15 (approved power purchase 62623 MU for FY16). The Bangalore Electricity Supply Company (BESCOM) will account for about 48% of the energy procured at 31522 Million Units with an ARR of Rs.15765 Crores for FY17.

BESCOM, MESCOM, CESC, HESCOM, GESCOM and HRECS had filed applications for approval of Annual Revenue Requirement for FY17-19 with proposals for revision of tariff for FY17 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 FY17-19 is as under:

Proposed and approved ARR for FY17-19

[Figures in Rs. Crores]

ESCOM	FY17		FY18		FY19	
	As Filed	As Approved	As Filed	As Approved	As Filed	As Approved
BESCOM	17556.47	15764.97	18616.93	15714.23	19994.61	16989.34
MESCOM	3090.52	2773.95	3579.72	2936.04	3833.47	3179.54
CESC	3778.37	3382.14	4220.19	3748.89	4638.30	4149.52
HESCOM	7112.32	6017.97	8297.99	6405.89	9634.88	7075.73
GESCOM	4378.72	3978.56	5181.84	4488.36	5723.76	4856.24
Hukeri RECS	151.92	118.49	177.47	136.67	206.04	149.07
Total	36068.32	32036.08	40074.14	33430.08	44031.06	36399.44

Revenue Gap FY17:

In the Annual Performance Review of all ESCOMs for FY15, the Commission has determined a surplus in Revenue of Rs.331 Crores. Together with this surplus and the regulatory asset of Rs.1105.00 Crores the total revenue gap for FY17 is Rs.2586 Crores.

Transmission Tariff for KPTCL for 2016-17 (FY17):

The Commission has approved an ARR of Rs.3093 Crores for FY17 inclusive of carry forward gap in revenue of Rs. 203 Crores consequent to Annual Performance Review of FY15. The revised transmission tariff payable to KPTCL for 2016-17 will be Rs.1,27,400/- MW/Month as against the existing tariff of Rs.1,12,079/- per MW/Month approved for 2015-16. The revised transmission tariff for 2016-17 is included in the power purchase cost allowed to ESCOMs and is covered in the tariff revision approved for ESCOMs.

Determination of ARR and Retail supply tariff for Mangalore SEZ (MSEZ) and AEQUS SEZ:

The Commission has determined ARR of Rs. 54.83 Crores for MSEZ and Rs. 9.98 Crores for AEQUS SEZ for FY17. The Commission has allowed in respect of industrial consumers a retail supply tariff of Rs. 6.50 per unit for MSEZ and 6.55 paise per unit for AEQUS SEZ for FY17.

[Note:- The detailed category wise revised tariff schedule is enclosed and the full text of the Tariff Orders of KPTCL, ESCOMs, HRECS, MSEZ & AEQUS SEZ is available on the Commission's website www.karnataka.gov.in/kerc]
