

CHAPTER – 6

DETERMINATION OF RETAIL SUPPLY TARIFF FOR FY19

6.0 Revision of Retail Supply Tariff for FY19-MESCOM's Proposals and Commission's Decisions:

6.1 Tariff Application

As per the Tariff application filed by the MESCOM, it has projected an unmet gap in revenue of Rs.621.51 Crores for FY19, which also includes the gap in revenue of Rs.537.82 Crores for FY17. In order to bridge this gap in revenue, MESCOM has proposed a uniform tariff increase of 123 paise per unit, in respect of all the categories of consumers.

In the previous chapters of this order, the Annual Performance Review (APR) for FY17 and the revision of ARR for FY19 has been discussed. The various aspects of determination of tariff for FY19 are discussed in this Chapter.

6.2 Statutory Provisions guiding determination of Tariff

As per Section 61 of the Electricity Act, 2003, the Commission is guided inter-alia, by the National Electricity Policy, the Tariff Policy and the following factors, while, determining the tariff so that,

- the distribution and supply of electricity are conducted on commercial basis;
- competition, efficiency, economical use of resources, good performance, and optimum investment are encouraged;
- the tariff progressively reflects the cost of supply of electricity, and also reduces and eliminates cross subsidies within the period to be specified by the Commission;
- efficiency in performance is to be rewarded: and
- a multi-year tariff framework is adopted.

Section 62(5) of the Electricity Act, 2003, read with Section 27(1) of the Karnataka Electricity Reform Act, 1999, empowers the Commission to specify, from time to time, the methodologies and the procedure to be observed by the licensees in calculating the Expected Revenue from Charges (ERC). The Commission determines the Tariff in accordance with the Regulations and the Orders issued by the Commission from time to time.

6.3 Factors Considered for Tariff setting:

The Commission has considered the following relevant factors for determination of retail supply tariff:

a) Tariff Philosophy:

As discussed in the earlier tariff orders, the Commission continues to fix tariff below the average cost of supply in respect of consumers whose ability to pay is considered inadequate and also fix tariff at or above the average cost of supply for categories of consumers whose ability to pay is considered to be higher. Thus, the system of cross subsidy continues. However, the Commission has taken due care to progressively bring down the cross subsidy levels as envisaged in the Tariff Policy 2016, issued by the Government of India.

b) Average Cost of Supply:

The Commission has been determining the retail supply tariff on the basis of the average cost of supply. The KERC (Tariff) Regulations, 2000, as amended from time to time, require the licensees to provide the details of embedded cost of electricity voltage / consumer category-wise. The distribution network of Karnataka is such that, it is difficult to segregate the common cost between voltage levels. Therefore, the Commission has decided to continue the average cost of supply approach for recovery of the ARR. With regard to the indication of voltage- wise cross subsidy with reference to the voltage-wise cost of supply, the same is indicated in the Annexure to this Order.

c) **Differential Tariff:**

The Commission has been determining differential retail supply tariff for consumers in urban and rural areas, beginning with its Tariff Order, dated 25th November, 2009. The Commission decides to continue the same in the present order also.

6.4 New Tariff Proposals by MESCOM:

(i) Increase in Billing demand for HT category:

The MESCOM and other ESCOMs, in their applications have submitted that, presently the billing demand during unrestricted period should be the maximum demand recorded during the month or 75% of the CD, whichever is higher. However, in the States like Andhra Pradesh, Telangana, Maharashtra and Gujarat, the minimum billing demand for the HT consumers is more than 75% of the CD. MESCOM in its proposal has requested to increase the minimum billing demand to 85% of the Contract Demand or Maximum Demand Recorded whichever is higher.

Commission's Analysis and decision:

The Commission has examined the proposal and notes that the recovery of the Fixed Charges from HT consumers at 75% of the CD or the actual maximum demand recorded, whichever is higher has been in vogue for quite some time and the same needs to be revised considering the present circumstances. In view of the current level of competition in the energy market, there is a need to provide a level playing field to all the stakeholders.

Further, the Commission notes that, the existing billing of demand charges at maximum demand recorded or 75% of contract demand whichever is higher has been in vogue by considering the shortage situation in power supply wherein both energy cut and demand cut were imposed to meet the shortage situation. In addition to this, both reliability and quality of power supply to HT consumers were also reckoned while fixing the minimum billing demand of 75 % of contract demand.

The Commission takes note of the present uninterrupted system of power supply without imposition of energy /demand cut and the reliability and quality of power supply to the HT consumers. The Commission further notes that the fixed expenditure incurred by the ESCOMs is being recovered only to an extent of 28.56%. Thus, the Commission is of the view that there is a need to increase the recovery of fixed expenditure through a revised criterion for billing demand of the HT consumers.

Hence, the Commission decides to increase the minimum billing demand from the current level of 75% of the contract demand to 85% of the contract demand. The revised demand charges are indicated in the respective HT tariff schedules.

(ii) Approval for allowing the expenditure incurred on promotion of payments through Cards and Digital Means.

BESCOM in its application has submitted that, in letter dated 07.11.2016 the Under Secretary(IT), Ministry of Power, New Delhi, has communicated the decision of the meeting held under the Chairmanship of Secretary (DIPAM), to the effect that the Ministry of Power will persuade States/DISCOMs to absorb MDR/Convenience fee on digital payment, as the same stands factored in the tariff structure.

BESCOM in its application has submitted that, presently, the transaction charges paid by BESCOM for the payments received through Bangalore One/ Karnataka One / Mobile One and Post office is accounted as **“Other Finance Cost”** and the same is being allowed in the tariff. However, the charges for card payment made through other digital mode as made out below is borne by the consumer.

- a) E-payment through Debit card, Credit card and Net Banking through BESCOM website, bank website, Bangalore-one website.
- b) ECS/NACH.
- c) Mobile-apps (Mobile One, Paytm, Pay U).

- d) NEFT & RTGS for HT Consumers.
- e) Card swiping machines (Point of Sale machines). Provision for the same has also been made in the ATP counters and action has been taken for its live operations.

BESCOM has furnished details of the charges for payments made through these modes by the HT Consumers depend on the amount paid at the bank's slab rates and the charges vary from bank to bank which are borne by the consumers.

In addition to this, if HT consumers are holding current accounts and if payments are made through Cards as per the limit fixed by the Banks based on their transactions and credit limit, then the transaction charges also need to be borne by BESCOM. BESCOM has furnished the charges levied by various financial institution for making payment of energy bills. Further, the BESCOM has submitted that, in respect of charges to be absorbed in case of DIGITAL online payments irrespective of the amount of payment.

BESCOM has submitted that, if the HT consumers opt for RTGS/NEFT, Debit/Credit card payment modes other than on-Line payment through BESCOM website, transaction charges are more and needs to be borne by the Company and in turn it will have to be passed on to all the consumers through tariff as per GoI initiative. Further, the BESCOM has informed that, it has already mandated all HT consumers to pay through online and requested the Commission to approve the On-line Payment through BESCOM website or Electronic Bill Payment by selecting Net-Banking mode wherein the applicable transaction charges per transaction is Rs 5/- only.

Further, BESCOM has submitted that, in respect of the consumer paying through Bangalore One, Karnataka One and IMI (Mobile Governance) by Digital mode, the transaction charges are already being borne by BESCOM and if the MDR fees for these said transactions borne by BESCOM, it will be an additional burden. Apart from this, for the payment made through BBPS, the charges levied by the NPCI, to be paid to BBPOU for ON-US and OF-US transaction are also required to be borne by BESCOM.

BESCOM has requested the Commission to examine the matter and permit it to bear the expenditure in this regard as per the directions of MOP, GoI and pass suitable orders in this matter.

Commission's analysis and decision:

The Commission has examined the proposal. In the long-run all the payments towards the energy charges in ESCOMs shall, as far as possible, be through the digital mode in line with the directions issued by the MoP, GoI. This would avoid the hassles of handling and accounting of physical cash. Hence in order to encourage the consumers to opt for digital payments, the Commission decides to allow the ESCOMs to accept the payment of power supply bills from the consumer by digital mode in line with the directives issued by the MOP, GOI and allow to incur the expenses towards digital payments in the ARR **(other than bank charges levied by the banker to the consumer on payment directly by NEFT / RTGS)**. However, the Commission after having noticed the higher transaction charges on the payment of bill through debit/credit cards, decides to allow ESCOMs to incur the expenditure on payment through Debit/ Credit card, of power supply bills having demand up to Rs.2000 only.

Further, the Commission directs the ESCOMs to minimise the expenditure to be incurred in this respect by encouraging the consumers to make payments through e-payment /digital mode charged with lower rate of transaction charges.

(iii) Special Incentive Scheme to HT/EHT Industrial Consumers

MESCOM's Proposal:

As part of its efforts to bring back HT Consumers to its grid, MESCOM proposes to introduce an Incentive Scheme for HT Consumers in line with a similar Scheme implemented in the year 2003 wherein the consumption over and above the average consumption for the preceding year was billed at the rate of first slab i.e., Rs.3.80.

This proposed incentive scheme is intended to generate additional revenue from HT consumers (HT2-a i, ii & HT2-b I(i)(ii) and HT2c(ii) consumers) by encouraging them to consume energy over and above the past 12 months' average consumption by offering a concessional tariff rate.

- a. The salient features and procedural aspects of the scheme are as follows:
 - i. The scheme is applicable to all HT 2(a) (except railway traction, effluent treatment plants and BMRCL), HT2 (b) and HT2(c)(ii) consumers in MESCOM. The benefit of the scheme will be extended to all eligible consumers (exceeding the 1st slab in their respective tariff) upon their request.
 - ii. The rate applicable for eligible consumption under the scheme is less than the second slab rate/kwh excluding tax as shown in the above table. The normal consumption will be billed at the prevailing tariff rate applicable to the respective category of consumers.
 - iii. Eligibility: The consumption over and above the base consumption fixed for a month is eligible for incentive under the scheme. The base period is defined as the past 12 month's consumption. The base consumption will 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 will not be accounted for arriving at base consumption.
 - iv. The base consumption will be computed on the average of 12 months' consumption excluding wheeled energy for the period from Jan 2016 to December 2016.
 - v. After opting for this scheme, if the consumers avail increased CD on a permanent basis, the base consumption shall be increased by 100 units per KVA of the additional CD availed by the industry on permanent basis.
 - vi. For new industries serviced after January, 2017, the criteria for these industries to be eligible for this special scheme will be a minimum period of six months.

- vii. For new industries, which do not have 12 months' base consumption, the base consumption will 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.
- viii. MESCOM will have flexibility in fixing base consumption.
- ix. 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 by the consumers availing the scheme thus would be for the contract demand(CD) exceeding 120% of the sanctioned CD. The minimum billing demand will also be enhanced accordingly.
- x. The scheme will continue till the end of the financial year. However, MESCOM would endeavour to continue the scheme with the approval of the Commission, for the ensuing year as well, with necessary modifications to the rate structure based on the tariff rates approved by KERC for the ensuing year.
- xi. Consumer under the HT incentive scheme can avail any other incentives in force.

Commission's Analysis and Decision:

The Commission notes that many HT/EHT consumers are opting for open access and are procuring power from sources other than the distribution licensees and as a result, distribution licensees are deprived of the sales to the paying consumers, impacting the finances of distribution licensees. The Commission is of the view that significant number of such consumers can be weaned back by the ESCOMs if attractive incentives are provided in the Tariff as in the proposals made by the MESCOM. Such scheme, would also encourage HT/EHT consumers to consume more power over and above the average consumption. The Commission also considers that consumption by such consumers should be incentivized during off peak hours and night hours.

Further, the industrial consumers participating in the Public Hearings held by the Commission on the tariff petitions of the distribution licensees, have sought reduction in their tariff, that is competitive with the open market rates and

stated that, if done so, they would avail power from the distribution licensees' instead of sourcing their requirement from open access.

The Commission therefore, hereby extends the following special incentive scheme to HT/EHT consumers, in an attempt to bring back HT /EHT consumers who are availing power through open access.

Further, the Commission, considering that concessional tariff being extended to the BMRCL and Railway traction, decides not to extend such special incentive scheme and ToD tariff to the installations of Bangalore Metro Rail Corporation (BMRCL) and Railway traction.

The terms and conditions of the special incentive scheme are as under:

i. Eligibility:

- a) The scheme is applicable to all HT (1), HT 2(a), H 2(b) and H2 (c) including sub-categories in these tariff schedules and provided with ToD meters in the State, at their options.
- b) The quantum of energy consumed during non-peak day hours between **10.00 Hours and 18.00 Hours** during the month over and above the average base consumption corresponding to this time period is eligible under this incentive scheme.

ii. Base consumption:

The monthly average consumption out of energy supplied by MESCOM during the non-peak hours' period between 10.00 Hours and 18.00 Hours of the day, during the period from 01-04-2017 to 31-03-2018 as recorded in Time of Day (ToD) meter shall be reckoned as base consumption.

Note: Consumption of energy from sources other than MESCOM shall not be reckoned for computation of base consumption.

a. Computation of base consumption for existing consumers:

The base consumption of consumers existing as on 01.04.2017 shall be determined based on their consumption between 10.00 Hours and 18.00 Hours for the period from 01-04-2017 to 31-03-2018, irrespective of the date of request by the consumer for opting for the Scheme.

b. Computation of base consumption for new consumers:

- (i) In the case of consumers who have obtained the services after 01.04.2017 where the consumption for the past 12 months is not available, then the available consumption subject to availability of a minimum of 6 month's consumption, shall form the basis for computing the base consumption.

If the actual consumption for a minimum of 6 months is not available, the base consumption shall be worked out by considering 67 kWh per month per kVA of contract demand for the installations. After 6 months, the base consumption shall be reassessed on the basis of actual consumption recorded between 10.00 Hours and 18.00 Hours for the 6 months from the date of service.

- (ii) In the case of new consumers availing the service during FY19, the base consumption shall be worked out by considering 67 kWh per month per KVA of contract demand for the first 6 months of service. After 6 months, the base consumption shall be reassessed on the basis of actual consumption recorded between 10.00 Hours and 18.00 Hours for the 6 months from the date of service.

Also, in the case of an existing consumer having Contract Demand of less than 500kVA but not having opted for ToD tariff and now willing to opt for this new special incentive scheme, then such consumer should first opt for ToD regime. The base consumption for such consumers shall be worked out by considering 67 kWh per month per KVA of contract demand for the first 6 months. After 6 months, the base consumption shall be reassessed on the basis of actual consumption recorded in the ToD meter between 10.00 Hours and 18.00 Hours for the 6 months from the date of fixing of ToD meter by opting this scheme.

- (iii) In the case of eligible consumers who have increased their contract demand on a permanent basis, during the currency of the scheme, the existing base consumption shall be increased to the extent of additional contract demand at the rate of 67 kWh/KVA per month, from the month in which the additional contract demand has come into effect.

iii. Incentive:

Any excess energy consumed by the eligible consumers during the non-peak period between 10.00 Hours and 18.00 Hours, over and above the average base consumption as arrived at, shall be allowed a discount of Rs.1.00/- per unit in the bill, to the eligible consumers.

Further, the eligible consumers should be allowed an incentive of Rs.2.00 per unit in the bill for the energy consumed during the period between 22.00 Hours and 06.00 Hours as against the normal ToD rebate of Re.1.00 per unit.

Note: The base consumption is not applicable for this additional incentive for the consumption during 22.00 Hours and 06.00 Hours. Further, the existing ToD benefit of [(-) one Rupee per unit] is not applicable to the consumers covered under this scheme for usage during 22.00 Hours and 06.00 Hours. However, the ToD tariff/penalty of (+) one Rupee per unit, is applicable for the energy consumed during the peak periods between 06.00 Hrs. to 10.00 Hrs. and 18.00 Hours to 22.00 Hrs. For the other consumers who have not opted for this scheme, the approved ToD tariff will apply as per the Tariff Order.

iv. Additional Security deposit:

No additional security deposit shall be collected for the additional units consumed over and above the base consumption between 10.00 Hours and 18.00 Hours under this "incentive scheme".

v. Currency of this incentive scheme:

Further, to provide certainty to the Scheme, the Commission decides that, the Scheme will remain in force initially for two years, subject to revision of

the incentive amount annually. However, the MESCOM may approach the Commission for review of the Orders during this period. The consumer, under this scheme can exit from the scheme by issuing a notice at least 2 months before opting to exit from this scheme.

(iv) Simplification of tariff:

MESCOM Proposal:

The MESCOM has submitted that a Committee was constituted by the GoK vide Government Order No. EN70 PSR 2017, dated 04.09.2017, to study the tariff simplification across the ESCOMs and also informed about the receipt of proposal on the rationalisation of tariff structures made out by the Commission. The MESCOM has submitted the Committee report for simplification of Tariff Structure for the consideration of the Commission.

Commission's Analysis and decision:

Before the referred Committee was set up by the GoK, for simplification of Tariff structure, the Commission had proposed certain simplification of tariff structure and the suggestions of the ESCOMs were sought. But none of the ESCOMs have furnished their views. However, some of the recommendations of the Committee are in line with the suggestions made by the Commission.

Simplification of tariff structure is aimed at reducing the number of subcategories. It need not necessarily involve converting the existing category to some other category by charging a higher tariff. This exercise is basically for restructuring the existing subcategories without converting the existing domestic/ other categories in to commercial categories.

To enable the Commission to examine the proposal, ESCOMs including MESCOM should have furnished necessary details such as existing and projected number of consumers under the proposed categories, sanctioned/ contract demand, Sales and the revenue at the existing tariff and the proposed tariff etc. Without furnishing the above details along with the

proposed tariff, the estimation of revenue to meet the ARR should not be proper.

Hence, the Commission is of the view that, while submitting any new proposal for tariff simplification / re-categorisation approval of the Commission in the next filing, all the ESCOMs shall furnish the above necessary details, without which it would not be possible for the Commission to examine their requests.

(v) Tariff for Electric Vehicle Charging Stations:

BESCOM has submitted that, the Government of India and NITI Aayog are working on a policy for promotion of e-vehicles to encourage and promote e-mobility in the future. That charging stations are required for mass adoption of electric vehicles, and that to encourage electric and hybrid vehicles, various Companies are coming forward. As per the prevailing tariff structure approved by the Commission, battery charging units are being billed under commercial tariff.

In line with Karnataka State Electric Vehicle & Energy Storage Policy 2017, BESCOM has requested the Commission to approve a separate tariff under both HT and LT category with Time of Day tariff for electric vehicle charging stations.

Commission's Views and Decisions:

The Commission takes note of the Karnataka State Electric Vehicle & Energy Storage Policy, 2017 and the request made by the BESCOM to approve a separate tariff under both HT and LT category for the Electric vehicle charging stations to encourage and promote e-mobility in the future by use of the electric and hybrid vehicles in the State. The Commission, taking note of the benefit of such initiative to the environment as well as to the society in the State of Karnataka, decides to introduce a separate category of tariff for HT and LT vehicle charging stations under LT6 tariff schedule with concessional rates to be adopted in all the ESCOMs in the State. The rates approved to this category is indicated in the Tariff Schedule in the subsequent section of this chapter.

6.5 Revenue at existing tariff and deficit for FY19:

The Commission in its preceding Chapters has decided to carry forward the gap in revenue of Rs.553.83 Crores of FY17 to the ARR of FY19. The gap in revenue for FY19 is proposed to be filled up by revision of Retail Supply Tariff, as discussed in the following paragraphs of this Chapter.

Considering the approved ARR for FY19 and the revenue as per the existing tariff, the resultant gap in revenue for FY19 is as follows:

TABLE – 6.1
Revenue Deficit for FY19

Rs. in Crores	
Particulars	Amount
Approved Net ARR for FY19 including gap of FY17	3245.70
Revenue at existing tariff	3103.65
Surplus / (-) Deficit	142.05
Additional Revenue to be realised by Revision of Tariff	142.05

Accordingly, in this Chapter, the Commission has proceeded to determine the Revised Retail Supply Tariff for FY19. The category-wise tariff as existing, as proposed by MESCOM and as approved by the Commission are as follows:

1. LT-1 Bhagya Jyothi:

The existing tariff and the tariff proposed by MESCOM are as given below:

Sl. No	Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
1	Energy charges (including recovery towards service main charges)	651Paise / Unit Subject to a monthly minimum of Rs.30 per installation per month.	758 Paise / Unit Subject to a monthly minimum of Rs.50 per installation per month.

Commission's Views/ Decision

The Government of Karnataka has continued its policy of providing free power to all BJ/KJ consumers with a single outlet, whose consumption is not more than 40 units per month, vide Government Order No. EN12 PSR 2017 dated 20th March, 2017 (instead of the earlier limit of 18 units per month). Based on the present average cost of supply, the tariff payable by these BJ/KJ consumers is revised to **Rs.6.86 per unit**.

Further, the ESCOMs have to claim subsidy for only those consumers who consume 40 units or less per month per installation. If the consumption exceeds 40 units per month or if any BJ/KJ installation is found to have more than one out-let, it shall be billed as per the Tariff Schedule LT 2(a).

Accordingly, the Commission determines the tariff (CDT) in respect of BJ / KJ installations as follows:

LT – 1 Approved Tariff for BJ / KJ installations

Commission determined Tariff	Retail Supply Tariff determined by the Commission
686 paise per unit, subject to a monthly minimum of Rs.40 per installation per month.	-Nil- Fully subsidized by GoK

***Since GOK is meeting the full cost of supply to BJ / KJ installations, the Tariff payable by these Consumers is shown as nil. However, if the GOK does not release the subsidy in advance, a Tariff of Rs.6.86 per unit subject to a monthly minimum of Rs.40 per installation per month, shall be demanded and collected from these consumers.**

2. LT2 - Domestic Consumers:

MESCOM's Proposal:

The details of the existing and proposed tariff under this category are given in the Table below:

Proposed Tariff for LT-2 (a)

LT-2 a (i) Domestic Consumers Category

Applicable to areas coming under City Municipal Corporations and all Urban Local Bodies

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	For the first KW Rs.40	For the first KW Rs.70
	For every additional KW Rs.50	For every additional KW Rs.80
Energy Charges 0-30 units (life line Consumption)	0 to 30 units:325 paise /unit	0 to 30 units: 365 paise /unit
Energy Charges exceeding 30 units per month	31 to 100 units:470 paise/unit	31 to 100 units: 520 paise / unit
	101 to 200 units:625 paise /unit	101 to 200 units:700 paise/unit
	Above 200 units: 730 paise /unit	Above 200 units: 830 paise /unit

**LT-2(a)(ii) Domestic Consumers Category
Applicable to Areas under Village Panchayats**

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	For the first KW Rs.25	For the first KW Rs.55
	For every additional KW Rs.40	For every additional KW Rs.70
Energy Charges 0-30 units (life line Consumption)	Up to 30 units: 315 paise/unit	0 to 30 units:355 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units:440 paise / unit	31 to 100 units:490 paise / unit
	101 to 200 units: 595 paise /unit	101 to 200 units: 670 paise /unit
	Above 200 units: 680 paise /unit	Above 200 units:780 paise /unit

Commission's decision:

As in previous tariff order, the Commission decides to continue with the two tier tariff structure in respect of the domestic consumers as shown below:

- (i) Areas coming under City Municipal Corporations and all Urban Local Bodies.
- (ii) Areas under Village Panchayats.

The Commission approves the tariff for this category as follows:

Approved Tariff for LT 2 (a) (i) Domestic Consumers Category:

Applicable to Areas coming under City Municipal Corporations and all Urban Local Bodies

Details	Tariff approved by the Commission
Fixed charges per Month	For the first KW: Rs.50/-
	For every additional KW Rs.60/-
Energy Charges up to 30 units per month (0-30 units)- life line consumption.	Upto 30 units: 345paise/unit
Energy Charges in case the consumption exceeds 30 units per month	31 to 100 units:495 paise/unit
	101 to 200 units:650 paise/unit
	Above 200 units: 755 paise/unit

Approved Tariff for LT-2(a) (ii) Domestic Consumers Category:**Applicable to Areas under Village Panchayats**

Details	Tariff approved by the Commission
Fixed Charges per Month	For the first KW: Rs.35/-
	For every additional KW Rs.50/-
Energy Charges up to 30 units per month (0-30 Units)- Lifeline Consumption	Up to 30 units: 335 paise/unit
Energy Charges in case the consumption exceeds 30 units per month	31 to 100 units: 465 paise/unit
	101 to 200 units:620 paise/unit
	Above 200 units: 705 paise/unit

LT2 (b) Private and Professional Educational Institutions, Private Hospitals and Nursing Homes:**MESCOM's Proposal:**

The details of the existing and the proposed tariff under this category are given in the Table below:

LT 2 (b) (i)Applicable to areas under City Municipal Corporations Areas and all urban Local Bodies

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.55 Per KW subject to a minimum of Rs.85 per month	Rs.75 Per KW subject to a minimum of Rs.105 per month
Energy Charges	For the first 200 units: 650 paise per unit	For the first 200 units: 750 paise per unit
	Above 200 units: 775 paise per unit	For the balance units: 875 paise per unit

LT 2 (b)(ii) Applicable to Areas under Village Panchayats

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.45 per KW subject to a minimum of Rs.70 per Month	Rs.65 per KW subject to a minimum of Rs.90 per Month

Energy Charges	For the first 200 units: 595 paise per unit	For the first 200 units: 695 paise per unit
	Above 200 units: 720 paise per unit	For the balance units: 820 paise per unit

Commission's decision

As in the previous Tariff Order the Commission decides to continue the two tier tariff structure as follows:

- (i) Areas coming under City Municipal Corporation and all urban local bodies.
- (ii) Areas under Village Panchayats.

Approved Tariff for LT 2 (b) (i)

Private Professional and other private Educational Institutions, Private Hospitals and Nursing Homes

Applicable to areas under City Municipal Corporations and all other urban Local Bodies.

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.65 per KW subject to a minimum of Rs.90 per Month
Energy Charges	0-200 units: 670 paise/unit
	Above 200 units: 795 paise/unit

Approved Tariff for LT 2 (b) (ii)

Private Professional and other private Educational Institutions, Private Hospitals and Nursing Homes

Applicable to Areas under Village Panchayats

Details	Tariff approved by the Commission
Fixed Charges per Month	Rs.55 per KW subject to a minimum of Rs.75 per Month
Energy Charges	0-200 units: 615 paise/unit
	Above 200 units: 740 paise/unit

3. LT3- Commercial Lighting, Heating & Motive Power:**MESCOM's Proposal:**

The existing and proposed tariff by MESCOM are as follows:

LT- 3 (i) Commercial Lighting, Heating & Motive Power

Applicable to Areas coming under City Municipal Corporation and urban local bodies

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.60 per KW	Rs.80 per KW
Energy Charges	For the first 50 units:750 paise per unit	For the first 50 units:800 paise per unit
	For the balance units:850 paise per unit	For the balance units: 900 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW.

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges	Rs.75 per KW	Rs.95 per KW
Energy Charges	For the first 50 units:750 paise per unit	For the first 50 units:800 paise per unit
	For the balance units:850 paise per unit	For the balance units:900 paise per unit

LT-3 (ii) Commercial Lighting, Heating & Motive

Applicable to areas under Village Panchayats

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.50 per KW	Rs.70 per KW
Energy Charges	For the first 50 units:700 paise per unit	For the first 50 units:750 paise per unit
	For the balance units:800 paise per unit	For the balance units:850 paise per unit

Demand based tariff (optional) where sanctioned load is above 5 KW but below 50 KW

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.65 per KW	Rs.85 per KW
Energy Charges	For the first 50 units:700 paise per unit	For the first 50 units:750 paise per unit

	For the balance units:800 paise per unit	For the balance units:850 paise per unit
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Commission's Views/ Decision

As in the previous Tariff Order, the Commission decides to continue with the two tier tariff structure as below:

- (i) Areas coming under City Municipal Corporations and other urban local bodies.
- (ii) Areas under Village Panchayats.

Approved Tariff for LT- 3 (i) Commercial Lighting, Heating& Motive Applicable to areas under City Municipal Corporations and other Urban Local Bodies

Details	Approved by the Commission
Fixed Charges per Month	Rs.70 per KW
Energy Charges	For the first 50 units: 775 paise/ unit
	For the balance units: 875 paise/unit

Approved Tariff for Demand based tariff (Optional) where sanctioned load is above 5 kW but below 50 kW

Details	Approved by the Commission
Fixed Charges per Month	Rs.85 per KW
Energy Charges	For the first 50 units:775 paise /unit
	For the balance units:875 paise/unit

Approved Tariff for LT-3 (ii) Commercial Lighting, Heating and Motive Applicable to areas under Village Panchayats

Details	Approved by the Commission
Fixed charges per Month	Rs.60 per KW
Energy Charges	For the first 50 units: 725 paise per unit
	For the balance units: 825 paise per unit

Approved Tariff for Demand based tariff (Optional) where sanctioned load is above 5 kW but below 50 kW

Details	Approved by the Commission
Fixed Charges per Month	Rs.75 per KW
Energy Charges	For the first 50 units: 725 paise per unit
	For the balance units: 825 paise per unit

4. LT4-Irrigation Pump Sets:

MESCOM's Proposal:

The existing and proposed tariff for LT4 (a) are as follows:

LT-4 (a) Irrigation Pump Sets

Applicable to IP sets up to and inclusive of 10 HP

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Nil	Nil
Energy charges	CDT 521 paise per unit	CDT of 685 paise per unit

Commission's Decision

The Government of Karnataka has extended free supply of power to farmers as per the Government Order No. EN 55 PSR 2008 dated 04.09.2008. As per this policy of GoK, **the entire cost of supply** to IP sets upto and inclusive of 10 HP is being borne by the GoK through tariff subsidy. In view of this, all the consumers under the existing LT-4(a) tariff are covered under free supply of power.

Considering the cross subsidy contribution from categories other than IP Sets and BJ/KJ Categories, the Commission determines the tariff for IP Sets under LT4(a) category as follows:

Approved CDT for IP Sets for FY19

Particulars	MESCOM
Approved ARR in Rs. Crores	3245.70
Revenue from other than IP & BJ/KJ installations in Rs. Crores	2489.57
Amount to be recovered from IP & BJ/KJ installations in Rs. Crores	756.13
Approved Sales to BJ/KJ installations in MU	47.31

Revenue from BJ/KJ installations at Average Cost of supply in Rs. Crores	22.78
Amount to be recovered from IP Sets category in Rs. Crores	733.35
Approved Sales to IP Sets in MU	1381.08
Commission Determined Tariff (CDT) for IP set Category for FY19 in Rs/Unit	5.31

Accordingly, the Commission decides to approve tariff of **Rs.5.31 per unit** as CDT for FY19 for IP Set category under LT4 (a). In case the GoK does not release the subsidy in advance, the tariff of **Rs.5.31 per unit** shall be demanded and collected from these consumers.

Approved by the Commission

LT-4 (a) Irrigation Pump Sets

Applicable to IP sets up to and inclusive of 10 HP

Details	Approved by the Commission
Fixed charges per Month	Nil*
Energy charges	
CDT (Commission Determined Tariff): 531 paise per unit	

*** In case the GoK does not release the subsidy in advance, a tariff of Rs.5.31 per unit shall be demanded and collected from these consumers.**

The Commission has been issuing directives to ESCOMs for conducting Energy Audit at the Distribution Transformer Centre (DTC)/feeder level for proper assessment of distribution losses and to enable detection and prevention of commercial loss. In view of substantial progress in implementation of feeder segregation under NJY scheme, the ESCOMs were also directed to submit IP set consumption on the basis of the meter readings of the 11 kV feeders at the substation level duly deducting the energy losses in 11kV lines, distribution transformers & LT lines, in order to compute the consumption of power by IP sets accurately. Further, in the Tariff Order 2016, the ESCOMs were also directed to take up enumeration of IP sets, 11 kV feeder-wise by capturing the GPS co-ordinates of each live IP set in their jurisdiction. In this regard, the Commission has noted that **the ESCOMs have complied partly with these directions and have initiated measures to achieve** full compliance. The

ESCOMs need to ensure full compliance as this has direct impact on their revenues and tariff payable by other categories of consumers.

The Government of Karnataka vide its letter dated 16.12.2017 has informed the Commission that for FY19, an amount of Rs.8040.26 Crores is available for the subsidized supply to BJ/KJ installations and IP sets, and that there is no change in the Policy of the Government in the matter of free supply to BJ/KJ consumers (consuming up to 40 Units) and IP sets consumers with a contract demand of 10 HP and below. It is also informed that in case, the amount required for the subsidized supply to this is in excess of the available amount, the government is unable to meet the balance amount in the subsequent year.

In reply to the above letter the Commission, in its letter dated 11.01.2018 has informed the Government that as per the provisions of the Electricity Act, 2003 and in view of the Policy of the State Government to supply free power to BJ/KJ installations (consuming up to 40 Units per month) and IP Sets having sanctioned load of 10 HP and below, the Government has to fully meet the cost of such subsidized supply. The Commission has made it clear to the Government that the shortfall in subsidy cannot be passed on to the other consumers, who are already paying tariffs with high level of cross subsidies and any increase in such higher tariff of other consumers would correspondingly increase the cross subsidy levels, which would be against the provisions of Electricity Act and the Tariff Policy, that emphasize gradual reduction in cross subsidy at a level not exceeding plus or minus 20% of the cost of supply. In view of the above the Government was requested to consider the following alternatives:

- a) In view of the Policy decision taken by the Government to supply free power supply to BJ/KJ and IP sets installations, the Government has to provide full subsidy as committed in the Government Order dated 4th September, 2008, as the shortfall in the subsidy cannot be made good by charging higher tariff to other consumers, as they are already cross subsidizing beyond the maximum ceiling limit prescribed under the Tariff Policy.

- b) If the Government is not able to provide adequate subsidy towards free power to the BJ/KJ and IP set installations, the present 7 hours three phase power being supplied to the IP sets shall have to be proportionately reduced. Based on the reduced allocation of subsidy the quantum of power that could be supplied to IP sets would be 12597.28 MU and the duration of supply could be four hours per day, instead of seven hours.
- c) In case, the reduction of quantum of power is not possible, the shortfall in the subsidy shall be made good by the IP set consumers.

The Commission has not received reply from the Government.

Under the circumstances, the Commission directs the ESCOMs as follows:

The ESCOMs shall manage supply of power to the IP sets for the FY19, so as to ensure that it is within the quantum of subsidy committed by the GoK. While doing so, they shall procure power which is proportionate to such supply. In case, the ESCOMs choose to supply power to the IP sets in excess of the quantum proportionate to the amount of subsidy available from the GoK for FY19, the difference in the amount of subsidy relating to such supply shall be claimed from the GoK. If the difference in subsidy is not paid by the GoK, the same shall be collected from the IP set consumers.

LT4 (b) Irrigation Pump Sets above 10 HP:

MESCOM's Proposal

The Existing and proposed tariff for LT-4(b) are as follows:

LT-4 (b) Irrigation Pump Sets:

Applicable to IP Sets above 10 HP

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.50 per HP	Rs.70 per HP
Energy charges for the entire consumption	300 paise per unit	350 paise per unit

The existing and proposed tariff for LT4(c) are as follows:

LT-4 (c) (i) - Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations up to & inclusive of 10 HP

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.40 per HP	Rs.60 per HP
Energy charges for the entire consumption	300 paise per unit	350 paise per unit

LT-4 (c) (ii) - Applicable to Private Horticultural Nurseries, Coffee, Tea & Rubber plantations above 10 HP

Details	Existing as per 2016 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.50 per HP	Rs.70 per HP
Energy charges for the entire consumption	300 paise per unit	350 paise per unit

Approved Tariff:

The Commission decides to revise the tariff in respect of these categories as shown below:

LT-4 (b) Irrigation Pump Sets:

Applicable to IP Sets above 10 HP

Fixed charges per Month	Rs.60 per HP
Energy charges for the entire consumption	325 paise/unit

LT4(c) (i) - Applicable to Horticultural Nurseries, Coffee, Tea & Rubber plantations up to & inclusive of 10 HP

Fixed charges per Month	Rs.50 per HP
Energy charges	325 paise / unit

LT4 (c)(ii) - Applicable to Horticultural Nurseries, Coffee, Tea & Rubber plantations above 10 HP

Fixed charges per Month	Rs.60 per HP
Energy charges	325 paise/unit

5. LT5 Installations-LT Industries:**MESCOM's Proposal:**

The existing and proposed tariffs are given below:

LT-5 (a) LT Industries:**Applicable to arrears under City Municipal Corporation****i) Fixed charges**

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	i) Rs. 40 per HP for 5 HP & below ii) Rs. 45 per HP for above 5 HP & below 40 HP iii) Rs. 60 per HP for 40 HP & above but below 67 HP iv) Rs. 120 per HP for 67 HP & above	i) Rs. 60 per HP for 5 HP & below ii) Rs. 65 per HP for above 5 HP & below 40 HP iii) Rs. 80 per HP for 40 HP & above but below 67 HP iv) Rs. 140 per HP for 67 HP & above

Demand based Tariff (Optional)

Details	Description	Existing Tariff as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.60 per KW of billing demand	Rs.80 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.85 per KW of billing demand	Rs.105 per KW of billing demand
	67 HP and above	Rs.170 per KW of billing demand	Rs.190 per KW of billing demand

ii) Energy Charges

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
For the first 500 units	510 paise per unit	560 paise/ unit
For next 500 units	605 paise per unit	655 paise /unit
For the balance unit	635 paise per unit	685 paise /unit

LT-5 (b) LT Industries:**Applicable to all areas other than those covered under LT-5(a)****i) Fixed charges**

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	i) Rs.35 per HP for 5 HP & below ii) Rs.40 per HP for above 5 HP & below 40 HP iii) Rs.55 per HP for 40 HP & above but below 67 HP iv) Rs.110 per HP for 67 HP & above	i) Rs.55 per HP for 5 HP & below ii) Rs.60 per HP for above 5 HP & below 40 HP iii) Rs.75 per HP for 40 HP & above but below 67 HP iv) Rs.130 per HP for 67 HP & above

Demand based Tariff (optional)

Details	Description	Existing Tariff as per 2017 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.55 per KW of billing demand	Rs.75 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.80 per KW of billing demand	Rs.100 per KW of billing demand
	67 HP and above	Rs.160 per KW of billing demand	Rs.180 per KW of billing demand

ii) Energy Charges

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
For the first 500 units	500 paise per unit	550 paise/ unit
For the next 500 units	590 paise per unit	640 paise/ unit
For the balance units	620 paise per unit	670 paise/ unit

Existing ToD Tariff for LT5 (a) & (b): At the option of the consumers

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

Proposed ToD Tariff for LT5 (a) & (b): At the option of the consumers

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

Commission's Decision:**Time of the Day Tariff:**

The decision of the Commission in its earlier Tariff Orders, providing for mandatory Time of Day Tariff for HT2(a), HT2(b) and HT2(c) consumers with a contract demand of 500 KVA and above is continued. The existing optional ToD will continue for HT2(a), HT2(b) and HT2(c) consumers with contract demand of less than 500 KVA. Further, for LT5 and HT1 consumers, the existing optional ToD is continued.

The Commission takes note of the request made by the consumer of other categories to extend the same concession as given in the energy charges to the Effluent Treatment Plant situated within the industrial premises. The Commission having considered the environmental and the social benefits from the Effluent Treatment Plants and Drainage Water Treatment plants owned other than by local bodies situated within the premises of the installation, decides to bill the electricity consumed by the effluent plants and drainage water treatment plants from the main meter or by sub-meter, at the same tariff schedule, as applicable to the installations for which the power supply is availed.

The Commission notes the request made by the MESCOM for billing the power supply to Solid Waste processing plants under LT and HT industrial category. The Commission by considering the environmental and social benefits in processing of solid waste by such plants, decides to approve billing by ESCOMs for the power supply arranged to such plants under LT/HT industrial tariff.

The Commission decides to continue with two tier tariff structure introduced in the previous Tariff Orders, which are as follows:

- i) LT5 (a): For areas falling under City Municipal Corporations
- ii) LT5 (b): For areas other than those covered under LT5 (a) above.

Approved Tariff:

The Commission approves the tariff under LT 5 (a) and LT 5 (b) as given below:

Approved Tariff for LT 5 (a):

Applicable to areas under City Municipal Corporations

i) Fixed charges

Details	Approved by the Commission
Fixed Charges per Month	<ul style="list-style-type: none"> i) Rs.45 per HP for 5 HP & below ii) Rs.50 per HP for above 5 HP & below 40 HP iii) Rs.70 per HP for 40 HP & above but below 67 HP iv) Rs.130 per HP for 67 HP & above

Demand based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.65 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.95 per KW of billing demand
	67 HP and above	Rs.180 per KW of billing demand

ii) Energy Charges

Details	Approved by the Commission
For the first 500 units	530 paise/unit
For the next 500 units	625 paise/ unit
For the balance units	655 paise/ unit

Approved Tariff for LT 5 (b):

Applicable to all areas other than those covered under LT-5(a)

i) Fixed charges

Details	Approved Tariff
Fixed Charges per Month	<ul style="list-style-type: none"> i) Rs.40 per HP for 5 HP & below ii) Rs.45 per HP for above 5 HP & below 40 HP iii) Rs.65 per HP for 40 HP & above but below 67 HP iv) Rs.120 per HP for 67 HP & above

ii) Demand based Tariff (optional)

Details	Description	Approved Tariff
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.60 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.90 per KW of billing demand
	67 HP and above	Rs.170 per KW of billing demand

iii) Energy Charges

Details	Approved tariff
For the first 500 units	520 paise/ unit
For the next 500 units	610 paise/ unit
For the balance units	640 paise/unit

As discussed earlier in this Chapter, the approved ToD Tariff for LT5 (a) & (b): At the option of the consumers

ToD Tariff

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

6. LT6 Water Supply Installations and Street Lights:**MESCOM's Proposal:**

The existing and the proposed tariffs are given below:

LT-6(a): Water Supply

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.55/HP/month	Rs.75/HP/month
Energy charges	425 paise/unit	550 paise/unit

LT-6 (b) : Public Lighting

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.70/KW/month	Rs.90/KW/month

Energy charges without LED bulbs	585 paise/unit	710 paise/unit
Energy charges for LED / Induction	485 paise/unit	610 paise/unit

Commission's decision:

The Commission approves the tariff for these categories as follows:

Tariff Approved by the Commission for LT-6 (a): Water supply

Details	Approved Tariff
Fixed Charges per Month	Rs.65/HP/month
Energy charges	440 paise/unit

Tariff Approved by the Commission for LT-6 (b): Public Lighting

Details	Approved Tariff
Fixed charges per Month	Rs.80 /KW/month
Energy charges	605 paise/unit
Energy charges for LED / Induction Lighting	505 paise/unit

7. Electric Vehicle Charging Stations (Newly Introduced Tariff)

As discussed earlier in this chapter, the Commission decides to introduce an additional sub-category of LT-6(c) under LT-6 tariff category for the supply of power to Electric Vehicle Charging Stations under LT and HT supply.

The Commission approved tariff to this new sub category is as under:

Tariff Approved by the Commission for LT-6 (c)

Details		Approved Tariff
Under LT Supply	Fixed charges per KW	Rs.50 /KW/month
Under HT Supply	DC per KVA	Rs.180 /KW/month
	Energy charges per KWH for both LT & HT)	485 paise/unit

8. LT 7- Temporary Supply & Permanent supply to Advertising Hoardings:**MESCOM's Proposal:**

The existing rate and the proposed rate are given below:

Tariff Schedule LT-7(a)

Applicable to Temporary Power Supply for all purposes.

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
a) Less than 67 HP:	Energy charge at 1000 paise per unit subject to a weekly minimum of Rs.190 per KW of the sanctioned load.	Energy charge at 1100 paise per unit subject to a weekly minimum of Rs.210 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Applicable to power supply to Hoardings & Advertisement boards on Permanent connection basis.

Details	Existing as per 2017 Tariff Order	Proposed by MESCOM
a) Less than 67 HP:	Fixed Charge Rs.60 per KW/ month of the sanctioned load.	Fixed Charge Rs.80 per KW/ month of the sanctioned load.
	Energy charge at 1000 paise per unit	Energy charge at 1100 paise per unit

Commission's decision:

As decided in the previous Tariff Order, the tariff specified for installations with sanctioned load / contract demand above 67 HP shall continue to be covered under the HT temporary tariff category under HT5.

With this, the Commission decides to approve the tariff for LT-7 category as follows:

TARIFF SCHEDULE LT-7(a)

Applicable to Temporary Power Supply for all purposes.

LT 7(a)	Details	Approved Tariff
Temporary Power Supply for all purposes.	Less than 67 HP:	Energy charges at 1030 paise / unit subject to a weekly minimum of Rs.200 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Applicable to Hoardings & Advertisement boards, Bus Shelters with Advertising Boards, Private Advertising Posts / Sign boards in the interest of public such as Police Canopy Direction boards, and other sign boards sponsored by Private Advertising Agencies / firms on permanent connection basis.

LT 7(b)	Details	Approved Tariff
Power supply on permanent connection basis	Less than 67 HP:	Fixed Charges at Rs.75 per KW / month
		Energy charges at 1030 paise / unit

H.T. Categories:**Time of Day Tariff (ToD)**

The Commission decides to continue the mandatory Time of Day Tariff for HT2 (a), HT-2(b) and HT2(c) consumers with a contract demand of 500 KVA and above. Further, the optional ToD will continue as existing for HT2 (a), HT-2(b) and HT2 (c) consumers with contract demand of less than 500 KVA. The details of ToD tariff are indicated under the respective tariff category.

As discussed earlier in this Chapter, the existing demand charges levied on the maximum demand recorded during the month or 75% of CD whichever is higher has been revised to maximum demand recorded during the month or 85% of CD whichever is higher.

9. HT1- Water Supply & Sewerage**MESCOM's Proposal:**

The existing and proposed tariff are as given below:

The Existing and the proposed tariff – HT-1 Water Supply and Sewerage Installations

Sl. No.	Details	Existing tariff as per 2017 Tariff Order	Proposed by MESCOM
1	Demand charges	Rs.200 / kVA of billing demand / month	Rs.400 / kVA for billing demand / month
2	Energy charges	485 paise per unit	585 paise per unit

Existing ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff to HT-1 category:

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's decision:

As discussed earlier in this chapter, the Commission approves the tariff for HT 1 Water Supply & Sewerage category as below:

Details	Approved Tariff for HT 1
Demand charges	Rs.200 / kVA of billing demand / month
Energy charges	500 paise/ unit

As discussed earlier in this chapter, the approved ToD tariff to HT-1 tariff to Water Supply & Sewerage installations at the option of the consumer is as follows

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs next day	(-) 100 paise per unit

10. HT2 (a) – HT Industries & HT 2(b) – HT Commercial**MESCOM's Proposal:**

The existing and proposed tariff are as given below:

HT – 2 (a) Industries**Applicable to all areas of MESCOM**

Details	Existing tariff as per Tariff Order 2017	Proposed by MESCOM
Demand charges	Rs.200 / kVA of billing demand / month	Rs.400 / kVA of billing demand / month
Energy charges (i) For the first one lakh units	660 paise per unit	560 paise per unit
(ii) For the balance units	680 paise per unit	580 paise per unit

Railway traction and Effluent Plants under HT2 (a).

Details	Existing tariff as per Tariff order 2017	Proposed by MESCOM
Demand charges	Rs.210 / kVA at billing demand / month	Rs.400 / kVA of billing demand / month
Energy charges	620 paise per unit for all the units	660 paise per unit for all the units

Existing ToD Tariff for HT-2(a)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2(a)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's Decision:

The Commission in its previous Tariff Order has allowed in respect of Industries availing HT power supply under HT2(a) tariff schedule, the supply availed for Effluent Treatment Plant situated within the premises by fixing the separate sub-meter, a rebate of 50 paise per unit of electricity consumed by such Effluent Treatment Plant to the applicable tariff schedule without reduction in the demand of the main HT supply.

The Commission takes note of the request made by the consumers of other categories to extend the same concession as given in the energy charges to the Effluent Treatment Plant situated with in the industrial premises. The Commission having considered the environmental and the social benefits from the Effluent Treatment Plants and Drainage Water Treatment plants owned other than by local bodies situated within the premises of the HT installation, decides to allow billing of the electricity consumed by the effluent treatment plants and Drainage Water Treatment plants from the main meter or by sub-meter, at the same tariff schedule as applicable to the HT installations for which the power supply is availed.

The Commission notes the request made by the ESCOMs for billing the power supply to Solid Waste processing plants under HT industrial category. The Commission by considering the environmental and social benefits in processing of the solid waste by such plants, decides to approve billing by ESCOMs for the power supply arranged to such plants under HT industrial tariff.

Approved Tariff for HT – 2 (a):

As discussed earlier in this chapter, the Commission approves the tariff for HT 2(a) category as below:

Applicable to all areas under MESCOM

Details	Tariff approved by the Commission
Demand charges	Rs.200 / kVA of billing demand / month
Energy charges	
For the first one lakh units	675 paise/ unit
For the balance units	700 paise/ unit

As discussed earlier in this chapter, the approved ToD tariff to HT2(a)(i) & (ii) tariff.

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 paise per unit

Note: ToD Tariff is not applicable to Railway Traction installations.

iii) Railway Traction under both HT2(a)(i) & HT 2(a)(ii)

Details	Tariff approved by the Commission
Demand charges	Rs. 210 / kVA of billing demand / month
Energy charges	600 paise / unit for all the units

The Commission, by considering the concessional tariff extended to the Railway traction, decides not to extend the new special incentive scheme approved in this Tariff Order and the ToD tariff to the installations of Railway traction.

iv) Effluent Treatment Plants independently serviced outside the premises of any installation under both HT2(a)(i) & HT 2(a)(ii)

Details	Tariff approved by the Commission
Demand charges	Rs. 210 / kVA of billing demand / month
Energy charges	640 paise / unit for all the units

Note: The ToD tariff is applicable to these installations, if the new Special Incentive Scheme is not opted.

11. HT-2 (b) HT Commercial

MESCOM's Proposal:

The existing and proposed tariff are as given below:

Existing and proposed tariff HT – 2 (b) HT Commercial

Applicable to all areas of MESCOM

Details	Existing tariff as per Tariff Order 2017	Proposed by MESCOM
Demand charges	Rs.220 / kVA of billing demand / month	Rs.400 / kVA of billing demand / month
Energy charges		
(i) For the first two lakh units	825 paise per unit	850 paise per unit
(ii) For the balance units	835 paise per unit	900 paise per unit

Existing ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's Decision

As discussed earlier in this chapter, the Commission approves the following tariff for HT 2 (b) consumers:

**Approved tariff for HT – 2 (b) - HT Commercial
Applicable to all areas of MESCOM**

Details	Tariff approved by the Commission
Demand charges	Rs.220 / kVA of billing demand / month
Energy charges	
(i) For the first two lakh units	845 paise per unit
(ii) For the balance units	855 paise per unit

Approved ToD Tariff for HT-2(b)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs next day	(-) 100 paise per unit

12. HT – 2 (c) – Applicable to Hospitals and Educational Institutions:

The existing and proposed tariff are given below:

Existing and proposed tariff for HT – 2 (c) (i)

Applicable to Government Hospitals & Hospitals run by Charitable Institutions & ESI Hospitals

And Universities, Educational Institutions belonging to Government, Local Bodies and Aided Institutions and Hostels of all Educational Institutions

Details	Existing tariff as per Tariff Order 2017	Proposed by MESCOM
Demand charges	Rs.200 / kVA of billing demand / month	Rs.400 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	640 paise per unit	740 paise per unit
(ii) For the balance units	680 paise per unit	780 paise per unit

Existing and proposed tariff for HT – 2 (c) (ii) –

Applicable to Hospitals and Educational Institutions other than those covered under HT2(c) (i)

Details	Existing tariff as per Tariff Order 2017	Proposed by MESCOM
Demand charges	Rs. 200 / kVA of billing demand / month	Rs. 400 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	740 paise per unit	840 paise per unit
(ii) For the balance units	780 paise per unit	880 paise per unit

Existing ToD Tariff for HT-2(c)(i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Proposed ToD Tariff for HT-2 HT-2(c) (i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	(+) 100 Paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 Paise per unit
22.00 Hrs to 06.00 Hrs	(-) 100 Paise per unit

Commission's Decision:

The Commission approves the following tariff for HT2(c) consumers.

Approved tariff for HT – 2 (c) (i)

Applicable to Government Hospitals, Hospitals run by Charitable Institutions, ESI Hospitals,

Universities and Educational Institutions belonging to Government & Local Bodies, Aided Educational Institutions and Hostels of all Educational Institutions

Details	Approved Tariff
Demand charges	Rs.200/ kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	660 paise per unit
(ii) For the balance units	700 paise per unit

Approved tariff for HT – 2 (c) (ii)

Applicable to Hospitals/Educational Institutions other than those covered under HT2(c) (i)

Details	Approved Tariff
Demand charges	Rs.200 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	760 paise per unit
(ii) For the balance units	800 paise per unit

As discussed earlier in this Chapter approved ToD for Tariff to HT-2(c) (i) & (ii)

Time of day	Increase (+) / reduction (-) in the energy charges over the normal tariff applicable
06.00 Hrs. to 10.00 hours	(+) 100 paise per unit
10.00 Hrs to 18.00 Hrs	0
18.00 Hrs to 22.00 Hrs	(+) 100 paise per unit
22.00 Hrs to 06.00 Hrs next day	(-) 100 paise per unit

13. HT-3(a) Lift Irrigation Schemes under Government Departments / Government owned Corporations/ Lift Irrigation Schemes under Pvt. Societies:

The existing and proposed tariff are given below:

Existing and proposed tariff for HT – 3 (a) –Lift Irrigation Schemes

HT 3(a) (i) Applicable to LI Schemes under Government Departments / Government owned Corporations

Details	Existing charges as per Tariff Order 2017	Proposed by MESCOM
Energy charges/ Minimum charges	225 paise / unit Subject to an annual minimum of Rs.1240 per HP / annum	325 paise / unit Subject to an annual minimum of Rs.1480 per HP / annum

**HT 3(a) (ii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies:
Fed through Express / Urban feeders**

Details	Existing Tariff as per Tariff Order 2017	Proposed by MESCOM
Fixed charges	Rs. 50 / HP / Month of sanctioned load	Rs. 70 / HP / Month of sanctioned load
Energy charges	225 paise / unit	325 paise / unit

**HT 3(a) (iii) Applicable to Pvt. LI Schemes and Lift Irrigation Societies:
other than those covered under HT-3 (a)(ii)**

Details	Existing Tariff as per Tariff Order 2017	Proposed by MESCOM
Fixed charges	Rs.30 / HP / Month of sanctioned load	Rs.50 / HP / Month of sanctioned load
Energy charges	225 paise / unit	325 paise / unit

Commission's Decision:

The Commission approves the following tariff for HT3(a) consumers:

Approved tariff for HT 3 (a) (i)

Applicable to LI schemes under Govt. Dept. / Govt. owned Corporations

Energy charges / Minimum charges	250 paise/ unit subject to an annual minimum of Rs. 1360 per HP / annum
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Approved tariff for HT 3 (a) (ii)

Applicable to Private LI Schemes and Lift Irrigation Societies fed through express/ urban feeders

Fixed charges	Rs.60 / HP / Month of sanctioned load
Energy charges	250 paise / unit

Approved tariff for HT 3 (a) (iii)

Applicable to Private LI Schemes and Lift Irrigation Societies other than those covered under HT 3 (a) (ii)

Fixed charges	Rs.40 / HP / Month of sanctioned load
Energy charges	250 paise / unit

14. HT3 (b) Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations:

MESCOM's Proposal:

The existing and the proposed tariff are given below:

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Coconut & Arecanut Plantations:

Details	Existing Tariff Order 2017	Proposed by MESCOM
Energy charges / minimum charges	425 paise / unit subject to an annual minimum of Rs.1240 per HP of sanctioned load	525 paise / unit subject to an annual minimum of Rs.1480 per HP of sanctioned load

Commission's Decision

The Commission approves the tariff for this category as indicated below:

Approved Tariff

HT3 (b)- Irrigation & Agricultural Farms, Government Horticulture farms, Private Horticulture Nurseries, Coffee, Tea, Rubber, Coconut & Arecanut Plantations:

Details	Approved Tariff
Energy charges / minimum charges	450 paise / unit subject to an annual minimum of Rs.1360 per HP of sanctioned load

15. HT4- Residential Apartments/ Colonies:**MESCOM's Proposal:**

The existing and the proposed tariff for this category are given below:

**Existing and proposed tariff for HT – 4 - Residential Apartments/ Colonies
HT – 4 Applicable to all areas.**

Details	Existing Tariff Order 2017	Proposed by MESCOM
Demand charges	Rs.120 / kVA of billing demand	Rs.200/kVA of billing demand
Energy charges	620 paise per unit	670 paise/ unit

Commission's Decision

As discussed earlier in this chapter, the Commission approves the tariff for this category as indicated below:

Approved tariff**HT – 4 Residential Apartments/ Colonies Applicable to all areas**

Demand charges	Rs.120 / kVA of billing demand
Energy charges	640 paise/ unit

16. TARIFF SCHEDULE HT-5**MESCOM's Proposal:**

The existing and the proposed tariffs are given below:

HT – 5 – Temporary supply

67 HP and above:	Existing	Proposed
Fixed charges / Demand Charges	Rs.240/HP/month for the entire sanction load / contract demand	Rs.400/HP/month for the entire sanction load / contract demand
Energy Charges	1000 paise / unit	1100 paise / unit

Commission's Views/Decisions:**TARIFF SCHEDULE HT-5**

- (i) As approved in the Commission's Tariff Order dated 6th May, 2013, this Tariff is applicable to 67 HP and above hoardings, advertisement boards and construction-power for industries excluding those categories of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation and power projects and is also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

Approved Tariff for HT – 5 – Temporary supply

67 HP and above:	Approved Tariff
Fixed Charges / Demand Charges	Rs.250 /HP/month for the entire sanction load / contract demand
Energy Charges	1030 paise / unit

The Approved Tariff schedule for FY19 is enclosed in **Annexure- IV** of this Order.

6.6 Wheeling and Banking Charges:

The MESCOM has proposed wheeling charges of 32 paise/unit and 73 paise/unit for HT network and LT network respectively [Pg. 74 of the filing]. Further it is stated that, the proposed technical losses of 4.40% at HT level and 6.70% at LT level are applicable.

The Commission in its preliminary observations had directed the MESCOM to clarify whether the existing concessional wheeling charges is to be continued for RE sources. If not the MESCOM's proposal in the matter to be submitted.

In this regard, MESCOM has submitted that, all the relevant charges as is being applicable to OA / wheeling transactions of other than RE sources, needs to be applied for the wheeling transactions of RE sources also. While the Commission has noted the replies furnished, the approach of the Commission regarding wheeling & banking charges is discussed in the following paragraphs:

The Commission has considered the approved ARR pertaining to distribution wires business and has proceeded determining the wheeling charges as detailed below:

6.6.1 Wheeling within MESCOM Area:

The allocation of the distribution network costs to HT and LT networks for determining wheeling charges is done in the ratio of 30:70, as was being done earlier. Based on the approved ARR for Distribution Business, the wheeling charges for each of the voltage levels, is worked out as under:

Wheeling Charges

Distribution ARR-Rs. Crores	453.76
Sales-MU	4735.11
Wheeling charges- paise/unit	95.83
	Paise/unit
HT-network	28.75
LT-network	67.08

In addition to the above, the following technical losses are applicable to all open access/wheeling transactions:

Loss allocation	% loss
HT	4.32
LT	6.58

Note: Total loss is allocated to HT, LT & Commercial loss based on energy flow diagram, furnished by MESCOM.

The actual wheeling charges payable (after rounding off) will depend upon the point of injection & point of drawal as under:

	Paise/unit	
Injection point →	HT	LT
Drawl point ↓		
HT	29 (4.32%)	96 (10.90%)
LT	96 (10.90%)	67 (6.58%)

Note: Figures in brackets are applicable loss

The wheeling charges as determined above are applicable to all the open access or wheeling transactions for using the MESCOM network, subject to

paragraphs 6.6.3 and 6.6.4 below with respect to renewable sources of energy.

6.6.2 Wheeling of Energy using Transmission Network or Network of more than one Licensee:

In case the wheeling of energy [other than RE sources wheeling to consumers within the State] involves usage of Transmission network or network of more than one licensee, the charges shall be as indicated below:

- i. If only transmission network is used, transmission charges determined by the Commission shall be payable to the Transmission Licensee.
- ii. If the Transmission network and the ESCOMs' network are both used, Transmission Charges shall be payable to the Transmission Licensee. Wheeling Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

Illustration:

If a transaction involves both transmission network & MESCOM's network and 100 units is injected, then at the drawl point the consumer is entitled for 86.35 units, after accounting for Transmission loss of 3.083% &MESCOM technical loss of 10.90%.

The Transmission charge in cash as determined in the Transmission Tariff Order shall be payable to KPTCL & Wheeling Charge of 96 paise per unit shall be payable to MESCOM. In case, more than one ESCOM is involved the above 96 paise shall be shared by all the ESCOMs involved.

- iii. If ESCOMs' network only is used, the Wheeling Charges of the ESCOM where the power is drawn is payable and shall be shared equally among the ESCOMs whose networks are used.

Illustration:

If a transaction involves injection to BESCO's network & drawal at MESCOM's network, and 100 units is injected, then at the drawal point the consumer is entitled for 89.10 units, after accounting MESCOM's technical loss of 10.90%.

The Wheeling charges of 96 paise per unit applicable to MESCOM shall be equally shared between MESCOM & BESCO.

6.6.3 Charges for wheeling of energy by RE sources (Non-REC Route) to consumers in the state

The separate Orders issued by the Commission from time to time in the matter of wheeling and banking charges for RE sources (non-REC route,) wheeling energy to consumers within the State shall be applicable.

6.6.4 Charges for Wheeling Energy by RE Sources, wheeling Energy from the State to a consumer/others outside the State and for those opting for Renewable Energy Certificate (REC):

In case the renewable energy is wheeled from the State to a consumer or others outside the State, the normal wheeling charges as determined in paras 6.6.1 and 6.6.2 of this Order shall be applicable. For Captive RE generators including solar power projects opting for RECs, the wheeling charges as specified in the Orders issued by the Commission from time to time shall be applicable.

6.6.5 Banking charges and Additional Surcharge:

These charges shall be applicable as specified in the Orders issued by the Commission, from time to time.

6.7 CROSS SUBSIDY SURCHARGE [CSS]:

- a. For the FY19, the MESCOM has proposed the following CSS stating that the same is computed based on Tariff Policy, 2016:

Voltage level	HT-1	HT-2a	HT-2b	HT-2C	HT-4	HT-5
66kV & above	0.04	1.31	3.40	2.59	0.81	8.84
HT-33 kV	-	1.26	3.35	2.54	0.76	8.79
HT-11kV	-	1.02	3.11	2.30	0.52	8.55

- b. The Commission in its preliminary observation had noted that, as per the Tariff Policy, 2016, the CSS shall have to be limited to 20% of the tariff applicable to the category of consumer, which is not proposed by the MESCOM. Therefore, the MESCOM was directed to revise the CSS accordingly.

MESCOM in their replies, limiting to 20% of the proposed tariff applicable to the respective categories has submitted the following:

Voltage Level	HT-1	HT-2a	HT-2b	HT-2c	HT-4	HT-5
<u>As proposed in the Filing</u>						
66 kV & above	0.04	1.31	3.40	2.59	0.81	8.84
33 kV	-	1.26	3.35	2.54	0.76	8.79
11 kV	-	1.02	3.11	2.30	0.52	8.55
Avg. Tariff	7.02	8.29	10.38	9.57	7.79	15.82
20% of Avg. tariff	1.40	1.66	2.08	1.91	1.56	3.16
<u>As revised</u>						
66 kV & above	0.04	1.31	2.08	1.91	0.81	3.16
33 kV	-	1.26	2.08	1.91	0.76	3.16
11 kV	-	1.02	2.08	1.91	0.52	3.16

- c. Further, the MESCOM had stated that the Cross Subsidy Surcharge calculated by the Commission, and recovered from Open Access consumers is often insufficient to recover the entire loss of cross subsidy. That added to this, no cross subsidy surcharge is applicable to open access/wheeling transactions from solar energy to encourage renewable

energy. That Solar generation has increased significantly since last year, The MESCOM had prayed the Commission to levy CSS on wheeling transactions to solar energy also.

Regarding the CSS for solar, the orders issued from time to time by the Commission shall be applicable.

The determination of cross subsidy surcharge by the Commission is discussed in the following paragraphs: -

Based on the methodology specified in its MYT and OA Regulations, the category wise cross subsidy will be as indicated below:

Paise/unit

Particulars	Category Tariff	Average Cost of supply at 66 kV and above level*	Average Cost of supply at HT level**	Cross subsidy surcharge paise/unit at 66 kV & above level as per formula	Cross subsidy surcharge paise/unit at HT level as per formula	20% of tariff payable by relevant category
1	2	3	4	5	6	7
HT-1 Water Supply	570	426.17	465.77	143.83	104.23	114.80
HT-2a Industries	846	426.17	465.77	419.83	380.23	169.20
HT-2b Commercial	1018	426.17	465.77	591.83	552.23	203.60
HT-2 (C) (i)	772	426.17	465.77	345.83	306.23	154.40
HT-2 (C) (ii)	871	426.17	465.77	444.83	405.23	174.20
HT3 (a) (i) Lift Irrigation	250	426.17	465.77	-176.17	--215.77	50.00
HT3 (a) (ii) Lift Irrigation	307	426.17	465.77	-119.17	-158.77	61.40
HT3 (a) (iii) Lift Irrigation	302	426.17	465.77	-124.17	-163.77	60.40
HT3 (b) Irrigation & Agricultural Farms	452	426.17	465.77	25.83	-13.77	90.40
HT-4 Residential Apartments	683	426.17	465.77	256.83	217.23	136.60
HT5 Temporary	1536	426.17	465.77	1109.83	1070.23	307.20

*Includes weighted average power purchase costs of 362.38Ps/unit, transmission charges of 52.04Ps/unit and transmission losses of 3.14%.

** Includes weighted average power purchase costs of 362.38Ps/unit, transmission charges of 52.04Ps/unit and transmission losses of 3.14%, HT distribution network / wheeling charges of 22.72Ps/unit and HT distribution losses of 4.32%.

Note:

- The carrying cost of regulatory asset for the current year is zero.

- ii. Eventhough MESCOM has estimated CSS separately for 33kV and 11 kV, following a common approach for all ESCOMs, the Commission has determined the CSS for HT level without segregating 33kV and 11 kV.

As per the Tariff Policy 2016, while limiting the CSS so as not to exceed 20% of the tariff applicable to relevant category, the CSS (after rounding off to the nearest paise) is determined as under:

Paise/unit

Particulars	66 kV & above	HT level-11 kV/33kV
HT-1 Water Supply	114	104
HT-2a Industries	169	169
HT-2b Commercial	204	204
HT-2 (C)(i)	154	154
HT-2 (C)(ii)	174	174
HT3 (a)(i) Lift Irrigation	0	0
HT3 (a)(ii) Lift Irrigation	0	0
HT3 (a)(iii) Lift Irrigation	0	0
HT3 (b) Irrigation & Agricultural Farms	26	0
HT-4 Residential Apartments	137	137
HT5 Temporary	307	307

Note: wherever CSS is negative, it is made zero

The cross subsidy surcharge determined in this order shall be applicable to all open access/wheeling transactions in the area coming under MESCOM. However, the above CSS shall not be applicable to captive generating plant for carrying electricity to the destination of its own use and for those renewable energy generators who have been exempted from CSS by the specific Orders of the Commission.

The Commission directs the Licensees to account the transactions under open access separately.

6.8 Other Issues:

6.8.1 Tariff for Green Power:

In order to encourage generation and use of green power in the State, the Commission decides to continue the existing Green Tariff of 50 paise per unit as the additional tariff over and above the normal tariff to be paid by HT-consumers, who opt for supply of green power from out of the renewable energy procured by distribution utilities over and above their Renewable Purchase Obligation (RPO).

6.9 Other tariff related issues:

i) Rebate for use of Solar Water Heater:

The Distribution Licensees have requested the Commission to continue the Solar water heater rebate to the consumers. The consumers have requested to increase the Solar water heater Rebate. Since the use of Solar Water Heaters is advantageous to both the ESCOMs and the consumers, the Commission decides to retain the existing rebate of 50 paise per unit subject to a maximum of Rs.50 per installation per month for use of solar water heaters.

ii) Prompt payment incentive:

The Commission had approved a prompt payment incentive at the rate of 0.25% of the bills amount (i) in all cases of payment through ECS; and (ii) in the case of monthly bill exceeding Rs.1,00,000/- (Rs.one lakh), where payment is made 10 days in advance of due date and (iii) advance payment of exceeding Rs.1000 made by the consumers towards monthly bills. The Commission decides to continue the same.

iii) Relief to Sick Industries:

The Government of Karnataka has extended certain reliefs for revival/rehabilitation of sick industries under the New Industrial Policy 2001-06 vide G.O. No. CI 167 SPI 2001, dated 30.06.2001. Further, the Government of Karnataka has issued G.O No.CI2 BIF 2010, dated 21.10.2010. The Commission, in its Tariff Order 2002, had accorded

approval for implementation of reliefs to the sick industries as per the Government policy and the same was continued in the subsequent Tariff Orders. However, in view of issue of the G.O No.CI2 BIF 2010, dated 21.10.2010, the Commission has accorded approval to the ESCOMs for implementation of the reliefs extended to sick industrial units for their revival / rehabilitation on the basis of the orders issued by the Commissioner for Industrial Development and Director of Industries & Commerce, Government of Karnataka / BIFR.

iv) Power Factor:

The Commission in its previous order had retained the PF threshold limit and surcharge, both for LT and HT installations at the levels existing as in the Tariff Order 2005. The Commission decides to continue the same in the present order as indicated below:

LT Category (covered under LT-3, LT-4, LT-5 & LT-6 where motive power is involved): 0.85

HT Category: 0.90

v) Rounding off of KW / HP:

In its Tariff Order 2005, the Commission had approved rounding off of fractions of KW / HP to the nearest quarter KW / HP for the purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all the categories of LT installations including IP sets. This shall continue to be followed. In the case of street light installations, fractions of KW shall be rounded off to the nearest quarter KW for the purpose of billing and the minimum billing shall be for a quarter KW.

vi) Interest on delayed payment of bills by consumers:

The Commission, in its previous Order had approved collection of interest on delayed payment of bills at 12% per annum. The Commission decides to continue the same in this Order also.

vii) Security Deposit (3 MMD/ 2 MMD):

The Commission had issued the K.E.R.C. (Security Deposit) Regulations, 2007 on 01.10.2007 and the same has been notified in the Official Gazette on 11.10.2007. The payment of security deposit shall be regulated accordingly, pending orders of the Hon'ble High Court in WP No.18215/2007.

viii) Mode of Payment by consumers:

The Commission, in its previous Tariff Order had approved payment of electricity bills in cash/cheque/DD of amounts up to and inclusive of Rs. 10,000/- and payment of amounts exceeding Rs.10,000 to be made only through cheque. The consumers can also make payment of power bills through Electronic Clearing System (ECS)/ Credit card/ online E-payment up to the limit prescribed by the RBI, and the collection of power supply bills above Rupees One lakhs through RTGS / NEFT at the option of the consumer.

ESCOMs in their applications have requested the Commission, to also allow it to collect the power supply bills through various new modes of digital payments including by Debit / Credit Cards, BBPS and allow to bear the charges incurred on such transaction and pass on to the consumer in the retail supply tariff. The Commission as discussed earlier in this Chapter, in order to encourage the consumers to opt for digital payments in line with the direction of the MOP, GoI, decides to allow MESCOM to collect payment of monthly power supply bill through Electronic clearing system (ECS)/ Debit / Credit cards / **RTGS / NEFT / Net Banking through ESCOMs / Bank / Karnataka One websites, on-line E-Payment / Digital mode of payments in line with the guidelines issued and the payment up to the limit prescribed by the RBI wherever such facility is provided by the Licensee** and allow to incur and claim the expenditure on such transaction in the ARR as approved in pre-para. **However, the Commission decides to allow MESCOM to incur the expenditure on the power purchase bills for payment received**

through Debit / Credit Cards having demand up to Rs.2000/- and below only.

6.10 Cross Subsidy Levels for FY19:

The Hon'ble Appellate Tribunal for Electricity (ATE), in its Order dated 8th October, 2014, in Appeal No.42 of 2014, has directed the Commission to clearly indicate the variation of anticipated category-wise average revenue realization with respect to overall average cost of supply in order to implement the requirement of the Tariff Policy that tariffs are within $\pm 20\%$ of the average cost of supply, in the tariff orders being passed in the future. It has further directed the Commission to also indicate category-wise cross subsidy with reference to voltage-wise cost of supply so as to show the cross subsidies transparently.

In the light of the above directions, the variations of the anticipated category-wise average realization with respect to the overall average cost of supply and also with respect to the voltage-wise cost of supply of MESCOM and the cross subsidy thereon, is Indicated in **ANNEXURE- III** of this Order. It is the Commission's endeavour to reduce the cross subsidies gradually as per the Tariff policy.

6.11 Effect of Revised Tariff:

As per the KERC (Tariff) Regulations 2000, read with the MYT Regulations 2006, the ESCOMs have to file their applications for ERC/Tariff before 120 days of the close of each financial year in the control period. The Commission observes that, the ESCOMs including MESCOM have filed their applications for revision of tariff on 30th November, 2017. As the tariff revision is effective from 1st April, 2018 onwards, the ESCOMs would be recovering revenue as per the revised tariff for eleven months of the current Financial Year (except in case where the billing cycle is lesser than a month).

A statement indicating the proposed revenue and approved revenue is enclosed vide **Annexure-III** and detailed tariff schedule is enclosed vide **Annexure -IV**.

6.12 Summary of the Tariff Order:

- ❖ The Commission has approved for MESCOM an ARR of Rs.3245.70 Crores for FY19, which includes the deficit for FY17 of Rs.553.83 Crores with a net gap in revenue of Rs.142.05 Crores as against MESCOM's proposed ARR of Rs.3818.75 Crores.
- ❖ The Commission has allowed recovery of the entire gap in revenue with additional revenue of Rs.142.05 Crores on Tariff Revision as against the additional revenue of Rs.621.51 Crores proposed by MESCOM for FY19.
- ❖ MESCOM in its filing dated 30.11.2017 had proposed an increase of 123 paise per unit for all categories of consumers resulting in average increase in retail supply tariff by 19.44%. The Commission has approved an average increase of 30 paise per unit. The average increase in retail supply tariff of all the consumers for FY19 is 4.58%.
- ❖ MESCOM in its petition, has proposed to increase the demand charges and reduction of energy charges for HT2(a), HT2(b), HT2(c) and HT4.
- ❖ The Commission has allowed recovery of additional revenue, partly by increase in fixed charges ranging from Rs.5 per KW/HP/KVA to Rs.22 per KW/HP/KVA.
- ❖ The Commission has allowed recovery of additional revenue partly by increase in the energy charges in the range of 15 paise per unit to 30 paise per unit.
- ❖ The increase in the energy charges for domestic category up to 30 units is Rs.20 paise per unit and 25 paise per unit for the consumption above 30 units
- ❖ The increase in the LT industries category is 20 paise per unit and for other categories, the increase is in the range of 15 paise per unit to 30 paise per unit.
- ❖ In order to increase the sales under HT industry, HT commercial and HT Hospital and Educational Institutions category, the increase made in energy charges is 20 paise per unit.

- ❖ Time of the day tariff which was made mandatory in the previous Tariff Orders for installations under HT2 (a), HT2 (b) and HT2(c) with contract demand of 500KVA and above with the inclusion of morning peak period from 06.00 Hrs to 10.00 Hrs is continued in this Order except Railway Traction Installation.
- ❖ The Commission in order to boost the energy sales and to attract the consumers to consume power from ESCOMs has decided to introduce Special Incentive Scheme to HT category, as follows:
 - *The Commission has decided to offer Special Incentive of Rs.2/- per unit as incentive for the energy consumption made during night hours from 22.00 Hours to 6.00 Hours (Next Day) off-peak period, to those HT consumer who opt for special incentive scheme.*
 - *For the consumption between 10.00Hrs to 18.00Hrs over and above the base consumption of FY18, a reduction of Rs.1/- per unit is allowed as special incentive, to those HT consumer who opt for the special incentive scheme.*
- ❖ **The Commission, has allowed concessional tariff of Rs.5.00 per unit to the BMRCL.**
- ❖ **The Commission, has allowed concessional tariff of Rs.6.00 per unit to the Railway Traction installations.**
- ❖ The Effluent Treatment Plant and Drainage Water Treatment Plants installed within the premises of the consumer's installations by drawing power from the main meter or through sub-meter shall be billed at the respective tariff category for which the power supply is availed for the installation.
- ❖ The Commission by considering the environmental and social benefits in processing of the Solid Waste has decided to bill the power supply arranged to Solid Waste Processing Plant under LT/HT Industrial Category.
- ❖ The Commission has introduced new sub-category of LT-6(c) under LT -6 Tariff Schedule for the power supply arranged to the Electric Vehicle Charging Stations, at reduced rates.

- ❖ Green tariff of additional 50 paise per unit over and above the normal tariff, which was introduced a few years ago for HT industries and HT commercial consumers at their option, to promote purchase of renewable energy from ESCOMs, is continued in this Order.
- ❖ As in the previous Orders, the Commission has continued to provide a separate fund for facilitating better Consumer Relations /Consumer Education Programmes.
- ❖ The Commission, as decided in the previous tariff Order, has decided to continue to impose penalty upto Rs.one lakh per subdivision on MESCOM if it fail to conduct Consumer Interaction Meetings at least once in three months and such penalty would be payable by the concerned officers of the MESCOM.

ORDER

- 1. In exercise of the powers conferred on the Commission under Sections 62 and 64 and other provisions of the Electricity Act, 2003, the Commission hereby determines and notifies the retail supply tariff of MESCOM for FY19 as stated in Chapter-6 of this Order.**
- 2. The tariff determined in this order shall be applicable to the electricity consumed from the first meter reading date falling on or after 1st April 2018.**
- 3. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru this day, the 14th May, 2018.**

-Sd-

(M.K.Shankaralinge Gowda)
Chairman

-Sd-

(H.D. Arun Kumar)
Member

-Sd-

(D.B. Manival Raju)
Member