

KARNATAKA ELECTRICITY REGULATORY COMMISSION**6th & 7th Floor, Mahalakshmi Chambers, No. 9/2, M.G. Road, Bangalore-560001****PRESS NOTE****REVISION OF ELECTRICITY TARIFF FOR 2017-18**

The Karnataka Electricity Regulatory Commission (KERC) has approved revision of electricity supply tariff for all the Electricity Supply Companies (ESCOMs) and Hukeri Rural Electricity Co-operative Society in the State for the FY18 (1st April 2017- 30th March,2018). The Commission has also determined revised retail supply tariff for consumers of Special Economic Zones at Mangaluru and AEQUS SEZ in Belagavi District. The transmission tariff to be collected by KPTCL from ESCOMs has also been revised for FY18. The revised tariff will come into effect for the electricity consumed from the first meter reading date falling on or after 1st April 2017.

The ESCOMs had sought an uniform tariff increase of 148 paise per unit for all categories of consumer. Apart from this, the ESCOMs had also sought approval for collection of Fuel Adjustment Charges (FAC) of 22 paise per unit to be collected during April-June, 2017. Subsequently, through an amendment petition, BESCO had sought increase in demand charges and decrease in energy charges for HT consumers besides seeking telescopic tariff for domestic Consumers.

The KERC has allowed an average tariff increase of 53 paise per unit (ranging from 20 paise to 55 paise per unit including FAC of 5 paise per unit) for all the categories of consumers. The Commission has also allowed a marginal increase in fixed cost in the range of Rs. 5 per KW/HP/KVA to Rs.20 per KW/HP/KVA on all the LT & HT consumers. **The overall increase in tariff is 8% as against 25% increase sought by the ESCOMs.**

The tariff increase is necessitated due to the following reasons:

- Recovery of gap in revenue of Rs.2296 Crores of FY16, which accounts for about **42** paise per unit. This is on account of increase in power purchase cost due to reduced availability of cheaper Hydel power owing to poor monsoon and consequent procurement of costlier short-term power.

- Increase in power purchase cost for FY18 is about 6 paise per unit, which is mainly due to increase in fuel cost of thermal power plants.
- The FAC amounting to Rs.280 Crores is normally recoverable during April-June, 2018 at an average increase of 20 paise per unit. However, in order to reduce the burden on the consumers, the KERC has allowed this FAC to be collected at an average increase of 5 paise per unit, during FY18.

Highlights of the new Tariff Order:

- In order to encourage consumption under HT Industry and HT Commercial categories, the tariff increase for consumption in second slab (beyond one lakh units) is 50% lesser than the increase in first slab (20 paise in second slab as against 40 paise in first slab).
- The Time of Day tariff has been introduced for usage in the morning peak hours i.e., 6.00AM to 10.00 AM. The incentive and penalty under ToD is Rs.1.00 per unit.
- A rebate of 50 paise per unit is allowed for effluent treatment plants installed within the premises of an Industry covered under HT-2 (a) tariff.
- In order to ensure timely consumer grievance redressal, the Commission has directed the ESCOMs to conduct Consumer's Interaction meetings at every Sub-Division Offices once in three months. In case of failure to conduct such meetings, the Commission will impose a penalty of upto one lakh rupees per Sub-Division payable by the concerned Officer.

The Commission has taken up the Annual Performance Review (APR) of all the Licensees for FY16 and the deficit thereon has been factored in the revised ARR for FY18.

The Commission, in accordance with the principles under the Multi Year Tariff (MYT) Regulations has also determined the revised Annual Revenue Requirement for FY18.

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

Salient Features of Tariff Order 2017:

Domestic Consumers:

For the domestic consumers in **Urban areas**, the tariff for monthly consumption of upto 30 units is increased from Rs.3.00 per unit to Rs. 3.25 per unit and for consumption between 31 and 100 units, the tariff is increased from Rs.4.40 per unit to Rs. 4.70 per unit. The tariff for monthly consumption of 101-200 units is increased from Rs.5.90 to Rs.6.25 per unit. The tariff for monthly consumption of above 200 units is increased from Rs.6.90 to Rs.7.30 per unit.

In the case of BESCO Urban Areas, three additional slabs have been introduced as detailed below:

For Consumption of 201-300 units, the tariff is increased from Rs.6.90 to Rs.7.30 per unit.

For Consumption of 301-400units, the tariff is increased from Rs.6.90 to Rs.7.35 per unit.

For Consumption above 400units, the tariff is increased from Rs.6.90 to Rs.7.40 per unit.

For the domestic consumers in **Rural areas**, the tariff for monthly consumption of upto 30 units is increased from Rs.2.90 per unit to Rs. 3.15 per unit and for consumption between 31 and 100 units the tariff is increased from Rs.4.10 per unit to Rs. 4.40 per unit. The tariff for monthly consumption of 101-200 units is increased from Rs. 5.60 to Rs.5.95 per unit. The tariff for monthly consumption of above 200 units is increased from Rs.6.40 to Rs.6.80 per unit.

In case of BESCO semi-urban and rural areas, two additional slabs have been introduced as detailed below:

For Consumption of 201-300 units, the tariff is increased from Rs.6.40 to Rs.6.80 per unit.

For Consumption above 300 units, the tariff is increased from Rs.6.40 to Rs.6.85 per unit.

The Fixed charges have been increased in the range of Rs.5/KW to Rs.10/KW for domestic category.

Industrial Consumers:

The tariff for LT Industrial consumers across the State has been increased by 10 to 20 paise per unit. The revised rates for LT industrial units in BBMP & Other Municipal Corporation areas in BESCOM will be Rs.5.25 per unit (existing rate of Rs.5.10) for the first 500 units and Rs.6.50 per unit (existing rate of Rs.6.30) for consumption above 500 units.

In Municipal Corporation areas of Other ESCOMs, the new rates will be Rs.5.10 per unit (existing rate Rs.4.95) for the first 500 units, Rs.6.05 per unit (existing rate Rs.5.85) for consumption from 501 to 1000 units and Rs.6.35 per unit (existing rate Rs.6.15) for consumption above 1000 units.

In all other areas, the new rates will be Rs.5.00 per unit (existing rate Rs.4.85) for the first 500 units, Rs.5.90 per unit (existing rate Rs.5.70) for consumption from 501 to 1000 units and Rs.6.20 per unit (existing rate Rs.6.00) for consumption above 1000 units.

For the HT Industrial users in BBMP and other City Municipal Corporation areas in BESCOM, the increase in tariff is in the range of 20 paise per unit to 40 paise per unit. The new tariff will be Rs.6.65 per unit (existing rate Rs.6.25) for the first one lakh units and Rs.6.95 per unit (existing rate Rs.6.75) for consumption beyond one lakh units.

For the HT Industrial users in all other areas of BESCOM and in all areas of other ESCOMs, the increase in tariff is in the range of 20 paise per unit to 40 paise per unit. The new tariff will be Rs.6.60 per unit (existing rate Rs.6.20) for the first one lakh units and Rs.6.80 per unit (existing rate Rs.6.60) for consumption beyond one lakh units.

Commercial Consumers:

For LT commercial category, the increase in tariff is 35 paise per unit. The new tariff in urban areas including BBMP and other City Corporation areas will be Rs.7.50 per unit (existing rate of Rs.7.15) for the first 50 units and Rs.8.50 per unit (existing rate of Rs.8.15) for consumption beyond 50 units. In the rural areas, the new rates will be Rs.7.00 per unit for the first 50 units and Rs.8.00 per unit for consumption beyond 50 units.

For the HT Commercial users in BBMP and other City Municipal Corporation areas in BESCOM, the increase in tariff is 20 to 40 paise per unit. The new tariff will be Rs.8.45 per unit (existing rate of Rs.8.05) for the first two lakh units and Rs.8.55 per unit (existing rate of Rs.8.35) for consumption beyond two lakh units.

For the HT Commercial users in all other areas of BESCOM and in all areas of other ESCOMs, the increase in tariff is 20 to 40 paise per unit. The new tariff will be Rs.8.25 per unit (existing rate of Rs.7.85 per unit) for the first two lakh units and Rs.8.35 per unit (existing rate of Rs.8.15 per unit) for consumption beyond two lakh units.

Water Supply and Public Lighting:

The Commission has increased the tariff for LT water supply installations by 35 paise per unit from the existing rate of Rs.3.90 per unit to Rs.4.25 per unit. The rate for HT water supply installations is increased by 35 paise per unit from Rs.4.50 per unit to Rs.4.85 per unit.

Concessional Tariff for Streetlight Installations with LED/Induction Lamps:

The Commission has extended promotional tariff of Rs.4.85 per unit (existing rate Rs.4.50) for local bodies installing LED/Induction lamp lighting for streetlight installations. For others, the revised tariff is Rs.5.85 per unit (existing rate Rs.5.50).

Educational Institutions and Hospitals:

The Commission has increased the tariff for private educational institutions and private hospitals in the LT category. The revised LT tariff in BBMP, Municipal Corporation areas and Urban Local Bodies area is fixed at Rs.6.50 per unit (existing rate Rs.6.25) for the first 200 units and Rs.7.75 per unit (existing rate Rs.7.45) for consumption beyond 200 units. In all other areas, the revised tariff is Rs.5.95 per unit (existing rate Rs.5.70) for the first 200 units and Rs.7.20 per unit (existing rate Rs.6.90) for consumption beyond 200 units.

The revised HT tariff for Government hospitals and hospitals run by charitable institutions as well as educational institutions belonging to Government and aided institutions is Rs.6.40 (existing rate Rs.6.00) for the first one lakh units and Rs.6.80 (existing rate Rs.6.50) for consumption beyond one lakh units.

The revised HT tariff for Private Educational Institutions and Private Hospitals is Rs.7.40 per unit (existing rate Rs.7.00) for the first one lakh units and Rs.7.80 (existing rate Rs.7.50) for consumption beyond one lakh units.

Green Tariff:

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

Government Subsidy:

The estimated amount of subsidy to be paid to the ESCOMs by the Government towards free supply of electricity to 26.57 lakhs IP sets upto and inclusive of 10 HP, and 29 lakh Bhagya jyothi / Kutirjyothi households is Rs. 9938 Crores for 2017-18 as against Rs. 8838 Crores for 2016-17. The estimated consumption of these categories is 19323 MU for IP Sets and 387 MU for Bhagya Jyothi / Kutira Jyothi Consumers for FY18.

Annual Revenue Requirement (ARR) of ESCOMs for FY18:

On a detailed review of the Tariff Applications of the ESCOMs for the Financial Year 2017-18, the KERC has approved an overall expenditure of Rs.34924 Crores collectively for all the ESCOMs, which would be supplying about 54453 Million Units (excluding Transmission & Distribution losses of about 16.96%) during FY18. The ESCOMs will procure about 65576 Million Units for the purpose during FY18 as against about 61290 MU procured for FY16 (approved power purchase of 65439 MU for FY17). The Bangalore Electricity Supply Company (BESCOM) will account for about 47% of the energy procured at 30880 Million Units with an ARR of Rs.16914 Crores for FY18.

BESCOM, MESCOM, CESC, HESCOM, GESCOM and HRECS had filed applications for approval of Annual Revenue Requirement for FY18 with proposals for revision of tariff for FY18 citing overall increase in the cost of operations and increase in the cost of power purchase. The proposed and approved Annual Revenue Requirement (ARR) for FY18 are as under:

Proposed and approved ARR for FY18

[Figures in Rs. Crores]		
ESCOMs	As Filed	As Approved
BESCOM	18915.97	16914.19
MESCOM	3558.09	3073.35
CESC	4648.42	3621.58
HESCOM	7629.63	6791.16
GESCOM	5345.83	4523.29
Hukeri RECS	184.13	155.39
Total	40282.07	35078.96

Revenue Gap FY18:

In the Annual Performance Review of all ESCOMs for FY16, the Commission has determined a deficit in Revenue of Rs. 2296 Crores. This deficit together with the estimated deficit of Rs.320 Crores for FY18 leaves an overall gap of Rs.2616 Crores to be recovered by increase in tariff for FY18.

Transmission Tariff for KPTCL for 2017-18 (FY18):

The Commission has approved an ARR of Rs.2753.70 Crores for FY18 inclusive of carry forward surplus in revenue of Rs. 417.58 Crores consequent to Annual Performance Review of FY16. The revised transmission tariff payable to KPTCL for 2017-18 will be Rs.1,11,558/- MW/Month as against the existing tariff of Rs.1, 27,400/- per MW/Month approved for 2016-17. The revised transmission tariff for 2017-18 is included in the power purchase cost allowed to ESCOMs and is covered in the tariff revision approved for ESCOMs.

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

The Commission has determined ARR of Rs. 57.39 Crores for MSEZ and Rs. 13.74 Crores for AEQUS SEZ for FY18. The Commission has allowed in respect of industrial consumers a retail supply tariff of Rs. 6.34 per unit in MSEZ and 6.55 paise per unit in AEQUS SEZ for FY18.

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