

KERC (Tariff) Regulations, 2000
(Incorporating amendments dated 15.3.01, 3.8.01, 18.9.02 and 12.5.04)

KARNATAKA ELECTRICITY REGULATORY COMMISSION, BANGALORE

NOTIFICATION

THE 9 JUNE, 2000

(Notified in Karnataka Gazette on 10.06.2004, page no.1049)

Statement of Objects and Reasons:

The Karnataka Electricity Reforms Act, 1999(Act No.25 of 1999) requires that the holder of each licence granted under the Act shall observe the methodologies and procedures specified from time to time, in calculating the expected revenue from charges which it is permitted to recover pursuant to terms of its licence and in designing tariffs to collect such revenues. Every licensee has to provide to the Commission, at such time and in such manner as may be specified in regulations, full details of its calculations for the ensuing financial year of the expected aggregate revenue from charges which it is permitted to recover pursuant to the terms of its licence and such other information as the Commission may specify. The Commission has taken up the framing up of these Regulations in pursuance of the above provisions of the Act.

In designing the scheme contained in these Regulations, the Commission expects to achieve the following objectives:

- a) To inform licensees of the basic minimum data and information requirements for seeking the Commission's approval to the expected revenue from charges and for any proposal of modification of the tariffs.
- b) To provide standardized formats in which such information is to be provided.
- c) To specify the procedure by which the Commission would take up the ERC filings and Tariff filings for consideration before according its approval thereto.
- d) To ensure the greatest possible transparency in such procedure and the fullest possible opportunity for all concerned to participate in such a process.

Regulations:

In exercise of the powers conferred on it by Section 56 of **THE KARNATAKA ELECTRICITY REFORM ACT, 1999** (Act No.25 of 1999) and all powers enabling it in that behalf, the Karnataka Electricity Regulatory Commission hereby makes the following regulations, namely; **The Karnataka Electricity Regulatory Commission (Tariff) Regulations, 2000**

Chapter - I

GENERAL

1. Short title, Commencement and Extent:

(1) These Regulations may be called the Karnataka Electricity Regulatory Commission(Tariff) Regulations, 2000.

(2) They shall come into force from the date of their publication in the official Gazette.

(3) They extend to the whole of the State of Karnataka

2. Definitions:

(1) In these Regulations, unless the context otherwise requires:

(a) '**Act**' means Electricity Act, 2003.

(b) '**Chairman**' means the Chairman of the Karnataka Electricity Regulatory Commission;

(c) '**Commission**' means the Karnataka Electricity Regulatory Commission;

(d) '**ERC**' means the Expected Revenue from Charges that a Licensee is permitted to recover pursuant to the terms of its Licence;

(e) '**General Regulations**' mean the Karnataka Electricity Regulatory Commission (General and Conduct of Proceedings) Regulations, 2000;

(f) "**KER Act**" means Karnataka Electricity Reforms Act, 1999.

(g) '**Licensing Regulations**' mean the Karnataka Electricity Regulatory Commission (Licensing) Regulations, 2000.

(2) Words or expressions used in these Regulations and not defined herein above shall bear the same meaning as in the Act or KER Act or in the General Regulations and in case of any inconsistency, the provisions of the Act shall prevail.

Chapter – II

ERC AND TARIFF FILING

3. Annual ERC Filing:

(1) Not later than 4 months before the commencement of any financial year, every Licensee shall provide to the Commission full details of its calculations for the ensuing financial year of the ERC for that year.

(2) The details of calculations of ERC and other related information shall be provided in the formats prescribed in Annexe I to these Regulations and shall be provided for each of the financial years as directed by the instructions given in each of these formats.

(3) Where any entity holds more than one category of Licence, the details in the formats in Annexe I have to be filed separately in respect of each Licence.

(4) Where the profit and loss account in Form A1 of ERC discloses a net revenue deficit for the ensuing year, the licensee shall explain as to how this deficit will be met. If tariff revision is contemplated by the licensee as one of the measures required to meet the deficit, the licensee shall accordingly file an application for tariff revision along with the ERC to cover the deficit to the extent necessary. In no situation should the ERC be filed without proposing measures adequate for covering the deficit. Where the ERC filling does not satisfy this stipulation, it will be liable to be rejected outright.

(5) The ERC filling shall clearly indicate the steps taken by the licensee for improvement of its efficiency since the date of order of the Commission on the previous ERC.

(6) The proposed investment plan for the ensuing financial year shall be submitted by the Licensee along with ERC as per the terms of the Licence for approval by the Commission. The investment plan will include all capital expenditure for the concerned year, whether ongoing projects or new projects.

(7) The details of calculations of ERC in the formats in Annexe I have to be filed by the Licensee in 6 sets with each format being signed by an authorized officer of the Licensee who shall be responsible for verifying and certifying the

correctness thereof. In addition to the hard copies of the ERC formats, the Licensee has also to furnish the said formats in Electronic forms in diskettes using the MS Excel spread sheet package.

(8) The ERC formats filed by the Licensee will be scrutinized by the Commission and, as a result of such scrutiny, the Commission may, within 15 working days, call for such further information and clarifications as it may deem fit.

(9) The ERC formats filed by the Licensee will be treated as a Petition upon the Commission deciding that all the information and clarifications sought for by it have been produced to the satisfaction of the Commission. The licensee will thereafter be informed of this decision.

(10) The Commission will thereafter follow, as far as may be practicable, the procedure specified in Chapter II of the General Regulations for hearing on the ERC filing and for passing orders thereon.

4. Tariff Filing:

(1) The Commission may, on its own, on being satisfied that there is need to review the tariff of any Licensee, shall initiate the process of review in accordance with the procedures set out in chapter II of the General Regulations.

(2) If any licensee desires revision of the current tariffs, an application for determination of tariff under section 62 of the Act shall be made by the licensee accompanied by such fee as determined in KERC (Fees) Regulations 2004; provided that no tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified by the Commission. Provided further that the application for amendment of tariff shall be filed not later than 120 days before the date of proposed implementation of such amended tariff.

(3) Omitted

(4) The details of calculations of proposed Tariff shall be in the formats in Annexure II and have to be filed by the Licensee in 6 sets with each format being signed by an authorized officer of the Licensee who shall be responsible for verifying and certifying the correctness thereof. In addition to the hard copies of the formats, the Licensee has also to furnish the said formats in Electronic forms in diskettes using the MS Excel spread sheet package.

(5) The licensee's application for amendment of tariff shall contain the following:

(i) A statement of the current tariffs and charges, that are proposed to be amended, together with all applicable terms and conditions;

(ii) A statement of amendments proposed, with the proposed tariffs and proposed terms and conditions;

(iii) A statement of the estimated change in the annual gross revenue that would result in the ensuing financial year, from the proposed amendments, stated in Rupees and as percentage of annual revenue from existing tariffs. This change in annual revenue should be shown for the licensee as a whole and for each tariff category affected;

(iv) An embedded cost study showing the cost of service of supply of electricity to each consumer category;

(v) An analysis of the effect of the proposed tariff changes on the average as well as typical small, medium and large consumers in each affected tariff category and the changes in annual bills and monthly bills by season (where applicable) in both Rupees and percentage terms;

(vi) A statement of any proposed cross subsidy including the amount of such subsidy to the affected consumer category and the source of offset of this subsidy, (e.g. other consumer category/categories);

(vii) A comparison of the percentage of cost of service expected to be recovered in the ensuing financial year by the current and proposed tariff for each consumer category;

(viii) A written explanation of the rationale for the proposed tariff changes, including justification of the rate of return being proposed;

(ix) A statement of any subsidy committed by the Govt. of Karnataka, the consumers to whom it is directed, and the way in which such subsidy is proposed to be reflected in the proposed tariffs applicable to these consumers;

(x) Any other information as required by the Commission.

(6) Within 15 working days of the receipt of Tariff Filing, the Commission shall notify the licensee whether any additional information is required by the Commission to assess the licensee's calculations, specifying the date by which such information is to be filed.

(7) The tariff filing formats filed by the licensee will be treated as a petition upon the Commission deciding that all the information and clarification sought for by it have been produced to the satisfaction of the Commission.

(8) The Commission will thereafter follow, as far as may be practicable, the procedure specified in Chapter-II of the General Regulations for Hearing on the Tariff Filing and for passing orders thereon.

5.Publication of the petition;

(1) The Licensee shall arrange for publication of a Petition on ERC Filing or Tariff Filing in the following manner:

(a) The summary of the Petition, in such format as may be approved by the Commission, shall be published in two successive issues each of two daily news papers in English language and two daily news papers in Kannada language having a circulation in the area of operation of the Licensee. The advertisement should invite interested persons to file their objections and such documents as they seek to rely upon, supported by an Affidavit, in six copies, within 30 working days of the first advertisement and also indicate whether they would like to be heard in person by the Commission.

(b) The Licensee shall also specify in the advertisement that interested persons may inspect the copies of the petition at specified offices of the Licensee during normal working hours within 10 working days of the publication of the notice and also obtain the salient feature of the petition at such specified place on payment of cost of photocopying.

(c) The Licensee shall also mention in the advertisement that the full set of the application together with supporting materials would be made available to any interested person who may ask for it on payment of cost of photocopying.

6. Commission's Powers for verification:

(1) The Commission may get the books and records of the utilities concerned examined by its officers and/or by any authorized person at any point of time during the pendency of the petition or otherwise. The report of the officers/consultants shall be made available to the parties concerned and they shall be given opportunity to react on the reports. The Commission shall duly take into account the report or the opinion given by the officers and/or by any authorized person and the reply filed by the parties while deciding the matter and if considered necessary the examination before the Commission of the person giving the report or the opinion.

(2) The utilities shall submit periodic returns as may be prescribed containing operational and cost data to enable the Commission to monitor the implementation of its order and reassess the bases on which Tariff was approved.

(3) All filings should be in conformity with the stipulations in the Licensing regulations and the conditions of the Licence.

Chapter - III
Miscellaneous

7. Saving of inherent power of the Commission:

(1) Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice or to prevent abuse of the process of the Commission.

(2) Nothing in these Regulations shall bar the commission from adopting in conformity with the provisions of the Act a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

(3) Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

By order of the Commission

Sd/-
Secretary to Commission