

CHAPTER – 5

ANNUAL REVENUE REQUIREMENT FOR FY19

5.1 Approved ARR for FY19:

KPTCL in its application dated 30th November, 2017, has requested the Commission to carry forward the surplus of Rs.337.79 Crores of FY17 to the approved ARR of FY19, and determine the revised transmission tariff for FY19.

Commission's Analysis and Decision:

The Commission in its Tariff Order dated 30th March, 2016 had approved ARR and Transmission tariff for FY17, FY18 and FY19. As per this Tariff Order, the Commission had approved an ARR of Rs. 3472.60 Crores for FY19 as detailed below:

TABLE – 5.1
Approved ARR FY19

		Rs. Crores
Sl. No	Particulars	As approved
	Expenditure	
1	O&M Expenses	1326.85
2	Depreciation	786.95
3	Interest & Finance Charges	671.07
4	Interest on working capital	93.54
5	Return on Equity	764.01
	Less	
6	Interest & Finance Charges capitalized	60.26
7	Other Expenses capitalized	51.91
8	Other Income	57.66
	NET ARR	3472.60

KPTCL in its application has sought to carry forward the surplus revenue of Rs. 337.79 Crores for FY17 to the approved ARR of FY19.

As discussed in the previous chapter, after the revision of ARR due to the Annual Performance Review for FY17, the Commission has found revenue surplus of **Rs.496.69 Crores** and has decided to carry forward the same to the ARR of FY19. Considering this surplus, the revised ARR for FY19 would be as follows:

TABLE – 5.2
Revised ARR for FY19

Particulars	Rs. Crores
	FY19
Approved ARR for FY19 as per tariff order dated 30th March, 2016	3472.60
Surplus as per APR for FY19	496.69
Revised ARR for FY19	2975.91

Accordingly, the Commission decides to approve the revised ARR of Rs.2975.91 Crores for FY19.

i) Revised Transmission tariff for FY19:

As per its Tariff Order dated 30th March, 2016, the Commission had considered the following ESCOM-wise transmission capacity for FY19:

TABLE- 5.3
ESCOM-wise capacity Allocation- As per Tariff Order dated 30.03.2016

ESCOMs	Capacity Allocation in MW
BESCOM	11428
MESCOM	1615
CESC	2423
HESCOM	4169
GESCOM	2635
TOTAL (MW)	22270

The transmission tariff determined for FY19 was Rs.129943 per MW per Month. The Commission in its preliminary observations had sought ESCOM-wise revised transmission capacity for FY19. KPTCL in its reply dated 4th January, 2018, has furnished the revised projections of the transmission capacity, for FY19 as under:

TABLE- 5.4**ESCOM-wise revised capacity Allocation for FY19**

ESCOMs	Capacity Allocation in MW
BESCOM	11003
MESCOM	1615
CESC	2252
HESCOM	4000
GESCOM	2550
TOTAL (MW)	21420

The Commission notes that, the above said projected transmission capacity for FY19 is based on the actual transmission capacity of 19380 MW for FY17, as stated in the replies to the preliminary observations. The ESCOM-wise actual transmission capacity for FY17, furnished by KPTCL is as under:

TABLE- 5.5**ESCOM-wise capacity Allocation for FY17**

ESCOMs	Capacity Allocation in MW
BESCOM	9388
MESCOM	1615
CESC	2252
HESCOM	4000
GESCOM	2125
TOTAL (MW)*	19380

Based on the above actual transmission capacity in the FY17 and considering the revised projections proposed by the KPTCL for FY18 and FY19, the estimated ESCOM-wise transmission capacity for the FY19 would be as follows:

TABLE- 5.6**ESCOM-Wise Estimated Transmission Capacity for FY19**

ESCOMs	Capacity Allocation in MW
BESCOM	11003
MESCOM	1615
CESC	2252
HESCOM	4000
GESCOM	2550
TOTAL (MW)	21420

Considering the above estimated transmission capacity for FY19, the transmission charges to be recovered from the ESCOMs and long term users of transmission network, are determined as follows:

TABLE – 5.7**Transmission Charges payable by ESCOMs for FY19**

Particulars	Capacity Allocation in MW	Transmission charges for FY19 Rs. Crores per annum	Transmission charges for FY19 Rs. Crores per Month
BESCOM	11003	1528.660	127.388
MESCOM	1615	224.374	18.698
CESC	2252	312.873	26.073
HESCOM	4000	555.725	46.310
GESCOM	2550	354.275	29.523
TOTAL (MW)	21420	2975.91	247.992

Based on the above, the revised transmission charge for FY19 is Rs.115776 per MW per month.

The transmission charges of Rs.115776 per MW per Month as determined above, shall be applicable for all ESCOMs and shall also applicable to all long term open access customers excluding the RE based generators who generate and supply electricity within the State (Intra-State) and are not availing the REC benefits. Such RE generators shall continue to pay charges as per the applicable Orders of the Commission.

The Charges determined above shall be applicable for use of Transmission System only. In case, the open access customers use the network of the ESCOMs in addition to the Transmission System, the wheeling charges payable would be as determined by the Commission in the respective Tariff Orders of the ESCOMs.

ii) Transmission Charges for Short Term Open Access (STOA) customers for FY19:

The Commission approves the revised transmission charges for short term open access consumers for FY19 as follows:

TABLE – 5.8**Revised transmission charges for short term Open Access consumers - FY19**

Duration of Open Access (Rs/MW)	Transmission Charges in Rs/MW	SLDC Charges in Rs/MW/Day
More than 12 hrs & up to 24 hrs in a day in one block	951.58	36.22
More than 6 hrs & up to 12 hrs in a day in one block	475.79	
Up to 6 hrs in a day in one block	237.90	

SLDC Charges:

The Commission in its Tariff Order dated 30th March, 2016 had approved the ESCOM-wise SLDC charges for FY19 as follows:

TABLE – 5.9**SLDC charges – Approved for FY19 in Tariff Order 2016**

ESCOMs	Capacity Allocation in MW	Share of SLDC Charges included in ARR of ESCOMs
BESCOM	11428	14.29
MESCOM	1615	2.02
CESC	2423	3.03
HESCOM	4169	5.21
GESCOM	2635	3.30
TOTAL	22270	27.85

The revised SLDC charges as per the APR for FY17 and approved SLDC charges for FY19 as per the Commission's Order dated 30th March, 2016, duly considering the revised transmission capacity, to be collected from ESCOMs during FY19 are as follows:

TABLE – 5.10

Revised SLDC charges for FY17 and Net SLDC charges to be Collected in FY19

Rs. Crores

Particulars	Capacity Allocation in MW	Actual SLDC Charges for FY17 as per APR	SLDC Charges for FY17 as approved in Order dated 30.3.2016	Difference to be adjusted in FY19	Revised Transmission Capacity for FY19	Revised SLDC Charges for FY19	Net SLDC Charges to be collected in FY19
1	2	3	4	5	6	7	8 (7-5)
BESCOM	9388	9.91	9.17	0.74	11003	14.29	15.03
MESCOM	1615	1.71	1.64	0.07	1615	2.02	2.09
CESC	2252	2.38	2.40	-0.02	2252	3.03	3.01
HESCOM	4000	4.22	4.13	0.09	4000	5.21	5.30
GESCOM	2125	2.24	2.65	-0.41	2550	3.30	2.89
TOTAL	19380	20.46	19.99	0.47	21420	27.85	28.32

The Commission decides to allow KPTCL to adjust the above net excess / under-recovery of Rs.0.47 Crores recovered/to be recovered from the ESCOMs towards SLDC charges for FY17 with the approved SLDC charges of Rs.27.85 Crores for FY19. **Thus the net SLDC charges recoverable during FY19 works out to Rs.28.32 Crores.**

iii) SLDC Charges for all Open Access Customers:

The Commission notes that, apart from the ESCOMs, the open access consumers, which means and includes Generators/Traders/Licensee who apply and use the KPTCL transmission network, are also availing the services of the SLDC and hence they should also bear the expenses incurred by the SLDC.

Based on the total transmission capacity for which the approval/ NOC is issued and the allowable SLDC expenses for FY19, the Commission decides to allow the SLDC to collect **Rs.36.22 per MW per day for all open access transactions including long term RE based wind and mini Hydel open access customers who are not availing REC benefits from 1st April, 2018** as charges towards SLDC expenditure. This is apart from the transmission charges payable to KPTCL.

The KPTCL and SLDC are also directed to account this income separately and report to the Commission while submitting its proposal for APR of FY19.

As determined above, the transmission charges of **Rs.115776** per MW per month shall be applicable for all long term open access consumers, for FY19.

5.2 Other issues:

KPTCL, in its application has requested to direct the ESCOMs to:

- i) Make payments as per the Tariff Order and not to alter the quantum of payment, unless the same is ordered by the Commission.
- ii) Pay the transmission charges through ESCROW arrangement only.
- iii) Pay transmission charges in full and pay monthly transmission charges as per the Tariff Order.

Commission's view and decision:

The Commission notes that the issues raised by KPTCL are beyond the scope of determination of transmission tariff and hence Commission is unable to take up these issues in these proceedings. These issues are dealt with in the Transmission Agreement already entered into between KPTCL and the ESCOMs during 2012. Disputes arising out of implementation of the Agreement could be settled through mutual discussions. If they are not settled, KPTCL may file appropriate petition before the Commission under Section 86(1) (f) of the Electricity Act, 2003.

5.3 Commission's 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 approves the revised ARR as per the Annual Performance Review for FY17 and determines and notifies the revised ARR and transmission tariff of KPTCL for FY19 as approved in this Order.**

2. The tariff determined in this Order shall come into effect from 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