

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY  
COMMISSION, BANGALORE  
REVIEW PETITION NO.         / 2010  
IN THE MATTER OF  
TARIFF ORDER 2009 DATED 25-11-2009 IN RESPECT OF  
BESCOM, HESCOM, GESCOM, MESCOM AND CESC**

BETWEEN:

**GOVERNMENT OF KARNATAKA**

Department of Energy

Vidhana Soudha,

Bangalore-560001.

Represented herein by Addl. Chief Secretary- **PETITIONER**

A N D

**1. BANGALORE ELECTRICITY SUPPLY CO. LTD.**

a Company incorporated under the provisions of Companies Act, 1956 having its registered office at K.R. Circle, Bangalore represented herein by its General Manager (Technical).

**2. HUBLI ELECTRICITY SUPPLY COMPANY LTD**

a Company incorporated under the provisions of Companies Act, 1956 having its registered office at P.B. Road, Navanagar, Hubli 580 029.

Represented herein by its  
General Manager (Technical).

**3. Gulbarga Electricity Supply Company Ltd**

a Company incorporated under the provisions of Companies Act, 1956 having its registered office Station Road, Gulbarga – 585 101.

Represented herein by its  
General Manager (Technical).

**4. Mangalore Electricity Supply Company Limited**  
a Company incorporated under the provisions of  
Companies Act, 1956 having its registered office  
at A.B.Shetty Circle, Mangalore-575001.

Represented herein by its  
General Manager (Technical).

**5. Chamundeshwari Electricity  
Supply Corporation Ltd,**

a Company incorporated under the provisions of  
Companies Act, 1956 having its registered office  
No.927, LJ Avenue, New Kantharaj Urs Road,  
Saraswathipuram, Mysore-570009.

Represented herein by its  
General Manager (Technical).

**RESPONDENTS**

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**MEMORANDUM OF REVIEW PETITION UNDER SECTION 62  
READ WITH SECTION 94 OF THE ELECTRICITY ACT 2003**

The Petitioner above named respectfully submits as under:-

1. The Government of Karnataka has filed the above petition seeking certain amendments to the Tariff order 2009 passed on the basis of the Expected Revenue from Charges filed by the Respondents herein before the Hon'ble Commission for the financial year 2010.
2. The Government of Karnataka (hereinafter referred to as GOK) as a matter of policy provides subsidies in respect of various sectors. The main sectors in which services are subsidized include the Health, Housing, Education, Irrigation and Electricity sectors. The State Government being a welfare state has duty and responsibility to

provide for and protect the interests of the down trodden and weaker sections of the society. Traditionally, the GOK has been providing certain subsidies to the agricultural sector, whether it is in the form of subsidies in respect of irrigation , or in respect of supply of power to irrigation pump sets (herein after referred to as IP Sets) being used by marginal farmers who do not have the means to purchase electricity for running their irrigation pump sets for agricultural purpose.

3. The GOK has from time to time issued policy guidelines with regard to subsidies being granted for agricultural sector in respect of consumption of electricity by I.P.Sets. Even in the present scenario, the GOK has issued a notification dated 4-9-08 bearing No EN 55 PSR 2008 for providing free power to IP Set installations with a sanction load of 10 HP and below.
4. The ESCOM's have filed expected revenue from charges for the financial year FY 2010. The IP Set categories fall under LT 4. I.P.Sets below 10HP are categorized under LT 4A. They are further subdivided into metered and unmetered category. The ESCOM's provided a increase of 51paise per unit for both the categories. In all, the tariff increase sought was within 51 paise per unit.
5. The Hon'ble Commission has considered the tariff proposals placed before it in the form of ERC and passed Tariff Orders. While passing tariff orders certain errors

have crept in which has resulted in an unprecedented and huge burden on the State Exchequer amounting to Rs.3922.63 crores as subsidy payable by the GOK. Having regard to the same, the Petitioner has filed the present petition seeking rectification of certain anomalies which have crept in while passing the tariff order of 2009.

6. At the outset it is to be pointed out that the tariff increase proposed by the ESCOM's is to an extent of 51 paise per unit whereas the Hon'ble Commission has worked out the average cost of supply and tariff for I.P.Sets in respect of each of the ESCOM's and has arrived at the following:

	Ave Cost of Supply	I.P.Set Tariff
BESCOM	Rs.4.21 per unit	Rs.1.46 per unit
HESCOM	Rs.4.28 per unit	Rs.3.80 per unit
GESCOM	Rs.3.95 per unit	Rs.3.11 per unit
MESCOM	Rs.4.05 per unit	Rs.3.07 per unit
CESC	Rs.4.18 per unit	Rs.3.42 per unit

This clearly shows that the Hon'ble Commission has arrived at a differential tariff for each of the ESCOM's and the cost of supply in respect of companies other than BESCOM are sizable and the same has resulted in many

fold increase in the amount of subsidy payable by the GOK to the ESCOM's in respect of LT 4A tariff. The Hon'ble Commission has committed a serious error in granting increase in tariff in respect of this sector which is much higher than what is proposed by the ESCOM's and therefore this aspect of the tariff order needs to be modified.

7. One vital factor which has caused immense burden on the State Government is due to the truing up exercise carried out for the years 2007-08 and 2008-09 . By this exercise the GOK is made to shoulder an exorbitant amount of Rs.2574.28 crores payable in 12 installments , four of which fall in the current year. It is submitted that the Hon'ble Commission is not justified in imposing such a heavy burden on the State Exchequer by the process of truing up exercise for the past period. It is submitted that the said amount ought to have been treated as a regulatory asset and the Hon'ble Commission ought to have considered recovery of the said amount by way of tariff in the future tariff orders over a period. Instead of the same, the Hon'ble Commission has provided for payment of the entire subsidy in 12 installments which is arbitrary and unsustainable. This aspect of the tariff order deserves to be modified.
8. The Hon'ble Commission has adopted different yardsticks while fixing the subsidy payable in respect of

Bhagyajothi and Kutira Jyothi consumers as against the IP Set users. Whereas in respect of IP Sets , some amount of cross subsidization has been allowed, in respect of Bhagyajothi and Kutira Jyothi no such cross subsidy has been allowed. It is submitted that even in respect of Bhagyajothi and Kutira Jyothi consumptions Hon'ble Commission ought to have adopted the same criteria and provided for the same ratio of cross subsidy as in case of I.P.Set Tariff. There is an anomaly created in this regard as the cost of power from individuals is normally at Rs.1.85 paise whereas the consumers of Bhagyajothi and Kutira Jyothi who are persons below the poverty line are being charged in the range of Rs.3.95 to Rs.4.28 per unit. It is submitted that the Hon'ble Commission has committed an error in not providing for cross subsidy in respect of the same and therefore the tariff orders are to be modified in this regard.

9. The Petitioner seeks leave of this Hon'ble Commission to file additional grounds in support of the petition at the time of hearing.
10. The contentions urged supra would justify a modification of the tariff order 2009 dated 25-11-2009 passed on the ERC filed by ESCOM's in exercise of the powers conferred on this Hon'ble Commission by Section 62 read with Section 94 of the Electricity Act 2003.

11. The Petitioner has paid the requisite fee as prescribed by the KERC Fee Regulation 2004 in respect of each of the five Tariff Orders.

**WHEREFORE** it is prayed that this Hon'ble Commission maybe pleased to review/modify the Tariff Order's 2009 dated 25-11-2009 passed in respect of the ERC's filed by the Respondents in the interests of justice and equity.

Bangalore

Date:

**FOR GOVERNMENT OF  
KARNATAKA**

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PETITIONER

A N D

BESCOM AND OTHERS

RESPONDENTS

**AFFIDAVIT**

I, S.J.Sampath Kumar, S/o S.V.Jayaram, aged 52 years, residing at Bangalore do hereby solemnly affirm and state as under:

1. I am the under secretary to Government of Karnataka, Energy Department, Petitioner in the above Review Petition. I know the facts of the case and I am able to depose to the matters pertaining thereto.
2. The statements made in paras 1 to 11 of the Petition are true to the best of my knowledge.
3. Annexures to are true copies of originals.



Bangalore  
Date;

No of Corrections:  
Identified by:

DEPONENT

ADVOCATE