

CHAPTER – 6

DETERMINATION OF RETAIL SUPPLY TARIFF FOR FY21

6.0 Revision of Retail Supply Tariff for FY21-MESCOM's Proposals and Commission's Decisions:

6.1 Tariff Application:

As per the Tariff application filed by the MESCOM, it has projected a deficit of Rs.567.28 Crores for FY21 and considering revenue surplus of Rs.221.19 Crores for FY19, a net revenue deficit of Rs.346.09 Crores is arrived at. In order to bridge this gap in revenue, MESCOM has proposed to increase both the fixed and energy charges with an average tariff increase of 62 paise per unit, in respect of all the categories of consumers.

In the previous chapters of this Order, the Annual Performance Review (APR) for FY19 and the approval of ARR for FY21 has been discussed. The various aspects of determination of tariff for FY21 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, for the purpose of determination of retail supply tariff, is guided by the following factors:

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 approach in the present order.

6.4 New Tariff Proposals by MESCOM:

1. Existing Special Incentive Scheme(SIS):

MESCOM has submitted that, in the Tariff Order 2018, the Commission has approved a Special Incentive Scheme to HT-1, HT-2a, HT-2b and HT-2c consumers. The term of the scheme is upto 31st March 2020. As directed by the Commission, MESCOM has taken up an intensive campaign to encourage more consumers to opt for the scheme and has yielded good results. As at the end of October-2019, 173 consumers have opted to the scheme. Additional consumption over & above the base consumption recorded by these consumers in one year is about 21.12 lakhs units and the total financial benefit in one year is about Rs.9.50 Crores. In the coming months, it has anticipated some more HT consumers will come forward to opt for the scheme. Hence, MESCOM has requested the Commission to continue the scheme for one more year i.e., upto 31st March 2021.

Commission's Decision:

The Commission has examined the proposal made by MESCOM to continue the Special Incentive Scheme. As per the information furnished by MESCOM, the SIS has resulted in additional sales of about 21.12 lakhs units with additional revenue Rs.9.50 Crores and has anticipated some more HT consumers will come forward to opt for this scheme. This is an encouraging sign and the scheme needs to be continued further.

The Commission takes note of the request made by the various consumers to continue the SIC scheme for further period during the public hearing on the tariff application filed by the ESCOMs. The Commission is of the view that, in order to encourage HT consumers to use more power, in the present power

surplus situation and to reduce the financial burden of the ESCOMs, the Special Incentive Scheme may require continuation for another year.

The Commission after careful consideration of the submissions made by MESCOM and ESCOMs and the request made by the industries during the public hearings on the tariff applications, decides to continue the Special Incentive Scheme with the existing terms and conditions as approved in the Tariff Order, 2018 dated 14.05.2018 for one more year w.e.f 01.04.2020. The Special Incentive Scheme benefit is also extended for the OA consumers who consume energy from the ESCOMs by limiting the benefit to the energy drawn from ESCOMs only. The Commission also directs MESCOM to take up an intensive campaign to encourage more industrial consumers to opt for this scheme.

2. Monsoon Period Incentive Scheme for HT industrial consumers:

- i. MESCOM has submitted that during monsoon period, the State is experiencing surplus power situation due to increase in availability from Renewable sources of Energy(RE). Since the RE power has a must run status, it does not fall under the Merit Order Dispatch (MOD). To off-take the RE Power, thermal stations having higher variable costs are backed down & kept under Reserve Shut Down(RSD). As per CERC (Deviation Settlement Mechanism and Related Matters) Regulations (DSM), 2014 and as amended in 2018 and 2019, more discipline in the Grid is required to be ensured, failing which, additional charges and penalties are required to be paid by the ESCOMs, due to sign change & under drawal.
- ii. MESCOM has submitted that hitherto surplus power was being traded in Indian Energy Exchange (IEX) and due to depletion of rates in IEX, the quantum of energy put to bids is not being cleared and revenue from sale of power in IEX is not up to the expected level.
- iii. As per the analysis done by the MESCOM, there is a downward trend in HT sales, consistently under achieving the sales target fixed by the Commission. There is a considerable decrease in HT sales growth from FY15 onwards. The decrease in growth in sales has adversely affected

MESCOM finances, as HT consumers are high paying and cross-subsidizing category. Further, MESCOM has indicated that, there has been substantial decrease in HT sales from FY17 onwards due to HT consumers opting for sourcing the cheaper power from IEX, wheeling and banking of RE power, purchase of power through open access etc., for the reason that the RE power is available at a cheaper rate as compared to the higher rate being charged by MESCOM. It is further stated by MESCOM that during the last three years the open access consumption, which was 58.25 MU in 2015, has gone up to 373.31 MU (540% increase).

- iv. Since renewable generators are able to absorb the additional cross subsidy surcharge levied to the consumers and offer prices lower than MESCOM tariff, it may be difficult to bring back the consumers who have executed wheeling & banking arrangements with the RE generators. But the consumers who are sourcing part of their energy requirement from IEX could be induced to come out of IEX sources by offering a discounted tariff that may be lesser than the landed cost of power from IEX.

v. MESCOM's Proposal:

The landed cost of energy being purchased from IEX is computed as follows:

Particulars	Amount in Rs. Per unit
Clearance Price	3.60
T & D Losses	0.29
Cross Subsidy Surcharge	1.72
Addl. Surcharge	0.60
Total	6.21

MESCOM has stated that, in case the HT industrial consumers are offered a tariff lesser than the landed price of IEX i.e. Rs.6.21 per unit, then there may be possibilities that consumers sourcing power from IEX may switch over to use MESCOM grid power.

MESCOM has worked out the per unit fixed charges and variable cost based on the actual Sales and Revenue to HT Industrial consumers for FY19 as follows:

Fixed Charges Rs. Crs.	Variable Charges Rs. Crs.	Total Rs. Crs.
78.54	426.39	504.93
Rs.1.26/unit	Rs.6.82/unit	Rs.8.08/unit

MESCOM has further stated that, as seen from the above computations, the fixed charges of Rs.1.26 per unit are being collected from HT industrial consumers and will be continued to be collected since they are required to pay the demand charges irrespective of drawl of energy from MESCOM or otherwise. Hence, comparison of landed cost of IEX energy with that of MESCOM's variable charges would be more relevant for the purpose of ensuring recovery of variable cost. On such a comparison, the difference in cost between the landed cost of IEX power and MESCOM rate of realization will be Rs.0.61 per unit (Rs.6.82- Rs.6.21).

In order to provide power at a price lower than the landed price of IEX, MESCOM, in its filing, has proposed the discount rate at Rs.0.70 per unit.

Further, MESCOM in its proposal has stated that, under the scheme, the supply of energy at discounted rate is subject to the condition that, such consumer should not source power from IEX during the period from July to September, 2020. Further, their consumption should be at least 15% more than the energy consumed during the 2nd Quarter of the previous year i.e., from July to September. Non-compliance of any of these conditions shall render them ineligible for the benefit under the scheme.

PCKL Proposal:

In the 60th Advisory Committee meeting held on 11th March, 2020, PCKL informed the Commission that the GoK has constituted Power Trading Committee in October, 2019 to take decisions on participation in various tenders for selling excess energy in Power Exchanges. The Trading Committee has decided to engage Consultancy services for advising in respect of Demand Forecasting, Power Purchase Optimization Service and Energy Portfolio Management Services.

The Commission had also scheduled a meeting of KPTCL, PCKL and all the ESCOMs in the afternoon of 11th March, 2020 to discuss issues relating to relaxing the restrictions on ToD usage in the morning peak between 06.00 AM to 10.00 AM. During the said meeting, PCKL made a presentation on the availability of surplus power and informed that the Committee would examine the issues and give suitable suggestion. The Commission directed the PCKL to consult the Government before submitting any proposal to the Commission.

During the presentation made by PCKL, the Commission was also informed that as per the Petitions filed by the ESCOMs for Annual Performance Review (APR) for FY19 and revision of Annual Revenue Requirement (ARR) for FY21 in November 2019, the total availability of energy for FY21 is 1,04,959.13 MU and the total energy requirement of all the ESCOMs is 75,365.86. MU. Hence there is likely surplus energy of about 29,593 MU. The SLDC informed that during FY19 and FY20 about 17530 MU and 7326 MU of energy (till August) respectively was backed down/reserved shutdown for want of demand.

It was also informed that with effect from 01.04.2020, the CERC is introducing Real Time Market (RTM). PCKL is taking the assistance of IEX to participate in RTM till the personnel of PCKL, SLDC, BESCOM are trained in handling the RTM transactions. Under real time market, utilities can sell surplus power / purchase power through RTM by placing bids in 4 time blocks (hour) before the delivery period. By issuing NOC to NTPC/NLC, to sell Un-Requisitioned Surplus power (URS), as per the provisions of the Tariff policy, NTPC and NLC have shared 50% of the revenue realized during 2018-19 & 2019-20.

As regards pricing of the surplus power, it was informed that the anticipated surplus power is about 29554 MU from RTPS unit 8, BTPS unit 1 to 3, RTPS unit 1 to 7, Yelahanka gas based power plant, Yermarus unit 1 & 2 and Kudgi units and UPCL source. The total capacity charges payable for surplus energy is about Rs. 4802 Crores and the estimated total cost including variable charge is Rs.16304 Crores. The cost per unit works out to

Rs.5.517. Subsequently, in its letter dated 10th March, 2020, PCKL has suggested the following rates for the sale of energy at concessional rates to the existing consumers of ESCOMs:

Consumer Category	Rates per unit suggested	Requirement of minimum consumption
EHT Consumers	Rs. 6.00 OR Rs.6.00	For consumption over and above their average 3 months' highest consumption during previous year excluding Captive and OA energy, if any For consumption over and above the consumption of corresponding month of the previous year excluding Captive and OA energy, if any
HT Consumers @ 11 KV Installations	Rs. 6.25 OR Rs.6.25	For consumption over and above their average 3 months' highest consumption during previous year excluding Captive and OA energy, if any For consumption over and above the consumption of corresponding month of the previous year excluding Captive and OA energy, if any
LT Industrial Power (LT-5) Installations	Rs. 6.80 OR Rs.6.80	For consumption over and above their average 3 months' highest consumption during previous year excluding Captive and OA energy, if any For consumption over and above the consumption of corresponding month of the previous year excluding Captive and OA energy, if any
LT Commercial (LT-3) Installations	Rs. 6.80 OR Rs.6.80	For consumption over and above their average 3 months' highest consumption during previous year excluding Captive and OA energy, if any For consumption over and above the consumption of corresponding month of the previous year excluding Captive and OA energy, if any

LT Residential Installations	Rs. 6.80	For consumption over and above their average 3 months' highest consumption during previous year excluding Captive and OA energy, if any
	OR	
	Rs.6.80	For consumption over and above the consumption of corresponding month of the previous year excluding Captive and OA energy, if any

Further, PCKL has suggested merger of higher slabs for LT categories. It has also suggested extending incentives ranging between 12 paise per unit to 36 paise per unit for achieving load factors of 25%, 30% and 40%.

Commission's Analysis and Decisions:

The Commission has carefully considered the proposals of MESCOM and PCKL and the issues involved in the sale of surplus power at concessional rates to the existing consumers. The Commission's views and the decisions are discussed as under:

As regards the proposals of PCKL in the matter of extending concessional tariff/incentives towards load factor etc., the Commission is of the view that these proposals do not form part of the tariff applications filed by the ESCOMs. Hence, without the matter being placed before the consumers/stakeholders, it would not be appropriate to take a view in the matter in the current proceedings.

Regarding the proposal of MESCOM for sale of surplus power during the monsoon months at concessional rates, the Commission is of the considered view that the proposal, in its present form, is not acceptable for the following reasons:

1. MESCOM has proposed to sell the surplus energy during the monsoon months of July, August & September 2020 with a view to sell the surplus power available from Renewable Energy. The Commission notes that the energy generation from wind and hydel stations is varying from year to year and the surplus as stated by the MESCOM is mainly dependent on the monsoon and the inflow and availability of water. In the event of

failure of monsoon, MESCOM including other ESCOMs will be forced to procure energy at high cost and sell it to the consumers to whom they have committed to sell at reduced rates under the proposed scheme. In such a situation the very purpose of selling the power under the scheme at a reduced rate by the ESCOMs, is likely to be defeated;

2. PCKL has indicated that the Trading Committee would engage Consultants for rendering advice to the Committee in the matter of Demand Forecasting, Power Purchase Optimization Service and Energy Portfolio Management Services. Hence, it is advisable that the matter is dealt with under professional guidance. The Commission is of the view that, without submitting the proposal of the Trading Committee formed by the GoK, taking decision at this stage is not correct.
3. The Commission notes the proposal submitted by the BESCOM, MESCOM and PCKL and observed that, there is no consensus among them on the approach in selling the surplus power during the monsoon period and is not supported by any expert study report.
4. The Commission also observed that, the CERC is introducing Real Time Market (RTM) and under real time market, utilities can sell surplus power / purchase power through RTM by placing bids in 4 time blocks (hour) before the delivery period. This may help the utilities in selling the surplus energy at reasonably better rates.

As the Commission has decided to continue the Special Incentive Scheme to HT consumers for one more year and also relaxed the ToD tariff in the morning peak hours between 6 AM to 10AM, the Commission expects that the demand for power from HT consumers would increase in FY21. This will enable MESCOM to increase its sales to the HT consumers. Hence, the Commission decides that, introducing another scheme, limited to monsoon period, is not advisable.

In order to encourage HT consumers to consume more power to achieve higher sales targets, MESCOM shall make wide publicity of the incentive scheme and relaxation of TOD tariff during the morning peak hours, through advertisements, frequent interactions/ meetings with major HT consumers.

MESCOM shall also take effective steps in improving the quality and reliability of power, which is most crucial in increasing the sales.

3. Increase in Demand Charges for HT industrial consumers:

MESCOM Submission:

In the Tariff Order 2016, the Commission has emphatically taken a view to increase fixed / demand charges consequent to steady increase in fixed charges to the electricity supply companies. Further, the proposed amendments to Tariff Policy, 2018 has also felt the concerns of electricity supply companies and mooted to incorporate the same in the Tariff Policy as below;

"In order to reflect the actual share of fixed cost in the revenue requirement of Distribution Licensees, there is need to enhance recovery through fixed charges. The fixed charge shall be so set that it leads to recovery of at least 50% of the fixed costs in case of Domestic and Agriculture categories and at least 75% recovery of fixed costs in case of other categories progressively over next three years. The SERCs and JERCs shall lay down a roadmap to achieve the same."

However, status of recovery of fixed costs in FY-19 reveals the following position;

Activity	Total fixed costs to be incurred (Rs.in Cr)
Generation	323.79
KPTCL Transmission including SLDC Charges	228.05
PGCIL Transmission Charges	156.50
O&M costs	558.38
Depreciation	125.69
Interest & Finance costs	132.64
Total:	1525.05
Total fixed / demand charges collected:	375.40
%	24.62%

With reference to the proposed ARR for FY21, the status would be as follows;

Activity	Total fixed costs to be incurred (Rs.in Cr)
Generation	775.36
KPTCL Transmission including SLDC Charges	272.96

PGCIL Transmission Charges	192.92
O&M costs	715.51
Depreciation	162.74
Interest & Finance costs	266.22
Total:	2385.71
Total fixed / demand charges estimated to be collected at existing tariff:	453.09
%	18.99%

MESCOM has stated that, the above position reveals the fixed / demand charges being charged is not reflective of the actual fixed charges being incurred and the recovery of fixed charges amounts to only 20-25%. Thus the concerns reflected in the amendments to tariff policy regarding the recovery of fixed charges needs to be addressed further.

MESCOM has proposed to adopt three tier demand charges structures initially for HT-2a installations so that the installations with higher contract demand fetch the higher demand charges. On the other hand, the variable energy charges may be lesser for the installations with higher contract demand. Since most of the 1MW & consumers are opting to source their partial power requirement through wheeling & banking arrangements and IEX, such a tiered demand charges structure will save MESCOM from financial losses to considerable extent. The same kind of structure exists in DGVCL of Gujarat.

As such, in line with the structure adopted in DGVCL, MESCOM proposes the demand charges for HT industrial installations as below and it is also proposed to reduce the energy charges by about 55 paise per unit:

(a)	For first 500 kVA of billing demand	Rs.210
(b)	For next 500 kVA of billing demand	Rs.310
(c)	For billing demand in excess of 1000 kVA	Rs.410

The impact will be as below;

- As per Tariff Order 2019, Tariff Schedule in respect of HT industrial installations (HT-2a) category is;
 - (i) Subsidy Demand charges Rs.210/ kVA of billing demand.
 - (ii) Energy Charges Rs.6.95 / unit for first 100000 units and Rs.7.20/ unit for rest of the consumption.

- With the above tariff schedule, the demand charges and energy charges estimated to be recovered in respect of HT-2a category, for 685.91 MU, has been estimated as below;

Demand Charges : Rs.107.47 Cr (Rs.1.57 / unit)

Energy Charges : Rs.481.84 Cr (Rs.7.02 / unit)

Total : Rs.589.31 Cr (Rs.8.59 / unit)

- In case, the demand charges as proposed above is considered and the energy Charges Rs.6.40 / unit for first 100000 units and Rs.6.70/ unit for rest of the consumption is applied then the position would be as below;

Demand Charges : Rs.140.73 Cr (Rs.2.10 / unit)

Energy Charges : Rs.448.58 Cr (Rs.6.49 / unit)

Total : Rs.589.31 Cr (Rs.8.59 / unit)

Hence, MESCOM has requested the Commission to consider to approve three tier demand charges structure for HT-2a installations and also to reduce the energy charges as proposed above.

Commission's Analysis and decisions:

The Commission has been considering the enhancement of fixed charges from last couple of years. Even in the absence of a proposal from the ESCOMs for increasing the Demand charges, the Commission has been approving increase in the Demand charges with a view to recover the fixed expenditure incurred by the ESCOMs. While doing so, the Commission has made it clear that the same has to be gradually increased, so that the fixed charges recovery reaches an optimal level in a few years.

The Consumers, during the public hearing have opposed the recovery of fixed charges and opposed to the proposal for increasing the fixed charges. It is also a fact that the consumers would see the total cash outgo on the electricity bills rather than considering only energy charges, while deciding about opting for open access.

The Commission notes that the fixed expenditure incurred by the ESCOMs is increasing abnormally year on year. Hence the Commission hereby directs the ESCOMs to minimise the fixed expenditure by adopting economy measures with a view to reduce the burden on the consumers.

The Commission also notes that in respect of YTPS and BTPS unit-3, the ESCOMs are paying full capacity charge though the quantum of energy drawn is insignificant. Hence, to reduce the payment of capacity charge, the SLDC and the ESCOMs are directed to ensure availability of these station to generate power up to declared capacity and to regulate payment of fixed charges as per the provisions of Karnataka Electricity Grid Code (KEGC).

In the light of above, the Commission is unable to accept the proposal for abnormal increase in the fixed cost/demand charges and reduction of energy charges to the HT 2 (a) consumers. However, the Commission has approved a normal increase in the fixed charges to the consumers, in this Order as well.

4. Relaxing the ToD Usage during morning peak between 6 AM to 10 AM.

During the course of public hearing of KPTCL, BESCOM and many consumers have requested the Commission to relax the ToD usage without any penalty during the morning peak between 6.00 AM to 10.00 AM.

The Commission, vide its letter dated 12.02.2020 had directed the KPTCL, SLDC and all the ESCOMs to confirm their readiness to relax the morning peak ToD usage through official letters to the Commission.

The matter was also deliberated in the 60th Advisory Committee Meeting held on 11th March, 2020. The Commission desired to know about transmission constraints in handling excess demand in case of removal of Time of Day (ToD) during morning peak hours i.e., from 6:00 am to 10:00 am. KPTCL informed that, KPTCL network will be able to handle additional peak load consequent to removal of ToD. The ESCOMs also concurred that there are no constraints in the distribution network in handling additional energy demand, if any, due to relaxing of ToD usage during morning peak hours. All the MDs of ESCOMs also

informed that there is no system constraint in supplying additional load consequent to relaxing of the ToD usage during the morning peak hours.

In response to Commission letter dated 12.02.2020, KPTCL has submitted hourly data of energy availability and demand for FY18 and FY19. As per the data submitted by the KPTCL, the maximum load met during morning peak hours i.e. 06.00 Hrs to 10.00 Hrs for FY19 is between 10,141 MW to 12,850 MW and also availability during morning peak hours is between 10,922 MW to 15,517 MW. The SLDC has informed that during FY19 and FY20 about 1,7530 MU and 7326 MU (till August, 2019) respectively was backed down/reserved shutdown and that even after considering the spinning reserve (i.e. is about 500 MW and corresponding energy, the State is in surplus position in terms of MW as well as energy (MU) in all the months.

As regards the demand and energy consumption in FY20, the Commission notes that on 17.01.2020 the peak demand recorded during FY20 till February, 2020 was 13169 MW and on March, 2020 the peak load was 13258 MW with the highest daily consumption of 259 MU on 18th March, 2020.

The analysis of source-wise availability of generation capacity during FY20 is as follows:

Source	Capacity in MWs	Percentage to total availability	Energy in MU	Percentage
Hydel	3832	13%	11567	11%
Thermal	10343	36%	70600	68%
Renewable Energy	14836	51%	21326	21%
Total	29011	100%	103493	100%

Against the above availability, the average daily consumption during FY20 is around 220 MU and the average demand is around 15200 MW.

Considering the above facts, with a view to make use of the availability of surplus power as projected by the ESCOMs and SLDC, to encourage the industries to consume more power during morning peak hours, the Commission decides to remove the penalty under ToD mechanism for the use of power during morning hours from 6.00 AM to 10.00 AM.

5. Classification of certain Tariff category:

- i) MESCOM in its application has proposed certain amendment to HT 2C (i) and (ii) tariff category to make provision to fix sub-meter to Banks and ATMs in the premises and to bill the consumption of these installations under HT 2(b) tariff schedule.

As there is a provision to utilise power for all the purposes associated with the working of the installation such as offices, stores, canteen, yard lighting, water pumping and advertisement with in the premises under HT2 (a) (b) and (c) tariff category, the proposal for fixation of sub meter and billing under HT 2(b) tariff schedule is not approved by the Commission.

- ii) Applicability of HT2(b)/LT3 tariff to cold storage facility exclusively used for storing the ice creams collected from the Ice cream manufacturer.

The Commission notes, the request made by MESCOM to include cold storage facility exclusively used for storing the ice creams collected from the ice cream manufacturer under LT3/HT2(b) tariff schedule.

The Commission decides that if the ice cream manufactured by the manufacturer is stored in the cold storage facility made available within the premises by using the power from the same installation shall be billed under industrial tariff as it is a part of the industrial activity. If the ice cream manufactured by manufacturer is stored in the cold storage facility of the third party or situated outside the industrial premises, independently serviced such installation shall be billed under LT3/HT2(b) tariff schedule.

- iii) Inclusion of Nurseries of Forest and Horticulture Department under LT4(c) tariff category.

The Commission is of the view that these installations of Forest and Horticulture Department shall also be billed under LT4 (c) tariff category. MESCOM may classify these installations accordingly.

- iv) Inclusion of water pumps used for exclusive Ginger cleaning units under LT5 tariff category.

The Commission is of the view that the energy used by these installations are part of the agricultural activities, and hence these installations shall also be

billed under LT4(a) tariff category. MESCOM shall bill these installations accordingly.

- v) Inclusion of power supply to Gate opening and closing arrangements in Dams /Anicuts for arranging flow of water to channels under LT6 (a)/HT 1 tariff category.

The Commission is of the view that the energy used by these installations to open and close the gates of the Dams / Anicuts is to control the flow of water to channel to be used for drinking / agricultural purposes. Hence, the Commission decides to include the power supply arranged to gate opening and closing in Dams / Anicuts under tariff schedule LT6(a) – Water Supply under LT and HT1 – water supply under HT category.

6.5 Revenue at existing tariff and deficit for FY21:

The Commission, in the preceding Chapters, has decided to carry forward the surplus in revenue of Rs. 233.55 Crores of FY19 to the revised ARR of FY21. The gap in revenue of Rs.210.74 Cores for FY21 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 FY21 and the revenue as per the existing tariff, the resultant gap in revenue for FY21 is as follows:

Revenue Deficit for FY21	
	Amount in Crores
Particulars	Amount
Approved Net ARR for FY21 including gap of FY19	4011.33
Revenue at existing tariff	3800.59
Deficit	210.74
Additional Revenue to be realised by Revision of Tariff	210.74

Accordingly, the Commission now proceeded to determine the Revised Retail Supply Tariff for FY21. The category-wise tariff as existing, as proposed by MESCOM and as approved by the Commission are as follows:

6.6 Category wise Existing, Proposed and Approved Tariffs:

1. LT-1 Bhagya Jyothi:

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

Sl. No.	Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
1	Energy charges (including recovery towards service main charges)	713 Paise / Unit Subject to a monthly minimum of Rs.45 per installation per month.	760 Paise / Unit Subject to a monthly minimum of Rs.75 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 this BJ/KJ consumer is revised to Rs.7.61 per unit.

Further, the ESCOMs shall 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 consumer 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
761 paise per unit, subject to a monthly minimum of Rs.50 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.7.61 per unit subject to a monthly minimum of Rs.50 per installation per month, shall be demanded and collected from these consumers by MESCOM.*

2. LT2 - Domestic Consumers:

MESCOM's Proposal:

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

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 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	For the first KW Rs.60	For the first KW Rs.90
	For every additional KW Rs.70	For every additional KW Rs.100
Energy Charges 0-30 units (Lifeline Consumption)	0 to 30 units:370 paise /unit	0 to 30 units: 395 paise /unit
Energy Charges exceeding 30 units per month	31 to 100 units:520 paise/unit	31 to 100 units: 545 paise / unit
	101 to 200 units:675 paise /unit	101 to 200 units:700 paise/unit
	Above 200 units: 780 paise /unit	Above 200 units: 805 paise /unit

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

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges per Month	For the first KW Rs.45	For the first KW Rs.75
	For every additional KW Rs.60	For every additional KW Rs.90
Energy Charges 0-30 units (lifeline Consumption)	Up to 30 units: 360 paise/unit	0 to 30 units:385 paise /unit
Energy Charges exceeding 30 Units per month	31 to 100 units:490 paise / unit	31 to 100 units:515 paise / unit
	101 to 200 units: 645 paise /unit	101 to 200 units: 670 paise /unit
	Above 200 units: 730 paise /unit	Above 200 units:755 paise /unit

Commission's decision:

As in previous tariff order, the Commission decides to continue with the two tier tariff structure in respect of 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.70
	For every additional KW Rs.80
Energy Charges up to 30 units per month (upto-30 units)-life line consumption.	Upto 30 units: 395 paise/unit
Energy Charges in case the consumption exceeds 30 units per month	31 to 100 units: 545 paise/unit
	101 to 200 units:700 paise/unit
	Above 200 units: 805 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.55
	For every additional KW Rs.70
Energy Charges up to 30 units per month (upto-30 Units)-Lifeline Consumption	Up to 30 units: 385 paise/unit
Energy Charges in case the consumption exceeds 30 units per month	31 to 100 units: 515 paise/unit
	101 to 200 units: 670 paise/unit
	Above 200 units: 755 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 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.75 Per KW subject to a minimum of Rs.100 per month	Rs.105 Per KW subject to a minimum of Rs.130 per month
Energy Charges	For the first 200 units: 690 paise per unit	For the first 200 units: 715 paise per unit
	Above 200 units: 815 paise per unit	For the balance units: 840 paise per unit

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

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.65 per KW subject to a minimum of Rs.85 per Month	Rs.95 per KW subject to a minimum of Rs.115 per Month
Energy Charges	For the first 200 units: 635 paise per unit	For the first 200 units:660 paise per unit
	Above 200 units: 760 paise per unit	For the balance units:785 paise per unit

Commission's decision:

As in the previous Tariff Order the Commission decides to continue with 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.85 per KW subject to a minimum of Rs.110 per Month
Energy Charges	0-200 units: 715 paise/unit
	Above 200 units: 840 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.75 per KW subject to a minimum of Rs.95 per Month
Energy Charges	0-200 units: 660 paise/unit
	Above 200 units: 785 paise/unit

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

The existing and proposed tariff by MESCOM as shown in the following Table:

LT- 3 (i) Commercial Lighting, Heating & Motive Power**Applicable to Areas coming under City Municipal Corporation and urban local bodies**

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.80 per KW	Rs.110 per KW
Energy Charges	For the first 50 units:800 paise per unit	For the first 50 units:825 paise per unit
	For the balance units:900 paise per unit	For the balance units: 925 paise per unit

Demand Based Tariff (optional) where sanctioned load is above 5 KW but below 50 KW.

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges	Rs.95 per KW	Rs.110 per KW
Energy Charges	For the first 50 units:800 paise per unit	For the first 50 units:825 paise per unit
	For the balance units:900 paise per unit	For the balance units:925 paise per unit

LT-3 (ii) Commercial Lighting, Heating & Motive**Applicable to areas under Village Panchayats**

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.70 per KW	Rs.100 per KW
Energy Charges	For the first 50 units:750 paise per unit	For the first 50 units:775 paise per unit
	For the balance units:850 paise per unit	For the balance units:875 paise per unit

Demand Based Tariff (optional) where sanctioned load is above 5 KW but below 50 KW

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Rs.85 per KW	Rs.100 per KW
Energy Charges	For the first 50 units:750 paise per unit	For the first 50 units:775 paise per unit
	For the balance units:850 paise per unit	For the balance units: 875 paise per unit

Commission's 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. 90 per KW
Energy Charges	For the first 50 units: 825 paise/ unit
	For the balance units: 925 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.105 per KW
Energy Charges	For the first 50 units:825 paise /unit
	For the balance units: 925 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.80 per KW
Energy Charges	For the first 50 units:775 paise per unit
	For the balance units: 875 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.95 per KW
Energy Charges	For the first 50 units: 775 paise per unit For the balance units: 875 paise per unit

4. LT4-Irrigation Pump Sets:

MESCOM's Proposal:

The existing and proposed tariff for LT4 (a) as shown in the following Table:

**LT-4 (a) Irrigation Pump Sets
Applicable to IP sets up to and inclusive of 10 HP**

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Nil	Nil
Energy charges	CDT 551 paise per unit	CDT of 608 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 fully subsidised 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 FY21

Particulars	MESCOM
Approved ARR in Rs. Crores	4011.33
Revenue from other than IP & BJ/KJ installations in Rs. Crores	3000.82
Amount to be recovered from IP & BJ/KJ installations in Rs. Crores	1010.51

Particulars	MESCOM
Approved Sales to BJ/KJ installations in MU	37.29
Revenue from BJ/KJ installations at Average Cost of supply in Rs. Crores	28.38
Amount to be recovered from IP Sets category in Rs. Crores	982.13
Approved Sales to IP Sets in MU	1690.41
Commission Determined Tariff (CDT) for IP set Category for FY21 in Rs/Unit	5.81

Accordingly, the Commission decides to approve tariff of Rs.5.81 per unit as CDT for FY20 for IP Set category under LT4 (a). In case the GoK does not release the subsidy in advance, the tariff of Rs.5.81 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 Energy charges	Nil*
CDT (Commission Determined Tariff): 581 paise per unit	

***In Case the GoK does not release the subsidy in advance, in the manner specified by the Commission in clause 6.1 of the KERC (Manner of Payment of Subsidy) Regulations, 2008, CDT of Rs.5.81 per unit shall be demanded 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 undertaking feeder segregation under NJY scheme, Deen Dayal Upadhyaya Grama Jyothi Yojana, the ESCOMs including MESCOM were also directed to submit IP set consumption on the basis of the meter readings of the 11 kV feeders at the sub-station 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 including MESCOM 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 not fully complied with these directions and have initiated measures to achieve full compliance. The MESCOM 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 in its budget for the financial year 2020-21 has allocated an amount of Rs. 11250.00 Crores for the subsidized supply to BJ/KJ and IP sets installations in accordance with 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 sanctioned load of 10 HP and below. Accordingly, the Commission is of the view that, to tide over the present financial condition, the ESCOMs need to minimise their subsidy requirement to the extent of amount of subsidy provided in the budget, by restricting the power supply to IP installations.

The Commission notes that, as per the provisions of the Electricity Act, 2003 and the Policy of the State Government to supply free power to BJ/KJ installations (consuming up to 40 Units per month) and IP Sets installations having sanctioned load of 10 HP and below, the Government has to fully meet the cost of such subsidized supply. The Commission makes it clear that any short fall in subsidy on account of increase in the IP sales beyond the sales approved by the Commission will not be passed on to the GoK unless there is any commitment / consent from the GoK and also on to the other consumers, who are already paying tariffs with high level of cross subsidies. Any increase on such higher tariff of other consumers would correspondingly increase the cross subsidy levels, which would be against the provisions of the 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.

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

The ESCOMs including MESCOM shall manage supply of power to the IP sets for the FY21, to ensure that it is within the quantum of subsidy committed by the GoK. While doing so, they shall procure power proportionate to such supply. In case the ESCOMs choose to supply power to the IP sets in excess of IP Sales

approved by the Commission as per the written consent /commitment from the GOK or to the quantum of amount of subsidy made available by the GoK for FY21, 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.

In case the ESCOMs choose to supply power to the IP sets in excess of IP Sales approved by the Commission without obtaining the consent /commitment from the GoK, the consequential short fall in subsidy will not be passed on to the GoK and also the short fall in revenue will not be passed on to the other consumers.

LT4 (b) Irrigation Pump Sets above 10 HP:

MESCOM's Proposal

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

LT-4 (b) Irrigation Pump Sets: Applicable to IP Sets above 10 HP

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.70 per HP	Rs.100 per HP
Energy charges for the entire consumption	350 paise per unit	370 paise per unit

The existing and proposed tariff for LT4(c) is 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 2019 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.60 per HP	Rs.90 per HP
Energy charges for the entire consumption	350 paise per unit	370 paise per unit

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

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.70 per HP	Rs.100 per HP
Energy charges for the entire	350 paise per unit	370 paise per unit

consumption		
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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.80 per HP
Energy charges for the entire consumption	375 paise/unit

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

Fixed charges per Month	Rs.70 per HP
Energy charges	375 paise / unit

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

Fixed charges per Month	Rs.80 per HP
Energy charges	375 paise/unit

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

The existing and proposed tariffs are given in following Table:

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

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
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Fixed charges per Month	i) Rs. 55 per HP for 5 HP & below	i) Rs. 95 per HP for 5 HP & below
	ii) Rs.60 per HP for above 5 HP & below 40 HP	ii) Rs. 100 per HP for above 5 HP & below 40 HP
	iii) Rs.80 per HP for 40 HP & above but below 67 HP	iii) Rs.120 per HP for 40 HP & above but below 67 HP
	iv)Rs.140 per HP for 67 HP & above	iv)Rs.180 per HP for 67 HP & above

Demand based Tariff (Optional)

Details	Description	Existing Tariff as per 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.75 per KW of billing demand	Rs.115 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.105 per KW of billing demand	Rs.145 per KW of billing demand
	67 HP and above	Rs.190 per KW of billing demand	Rs.230 per KW of billing demand

ii) Energy Charges

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
For the first 500 units	545 paise per unit	565 paise/ unit
For next 500 units	645 paise per unit	665 paise /unit
For the balance unit	675 paise per unit	695 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 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	i)Rs.45 per HP for 5 HP & below ii) Rs.55 per HP for above 5 HP & below 40 HP iii) Rs.75 per HP for 40 HP & above but below 67 HP iv)Rs.125 per HP for 67 HP & above	i) Rs.85 per HP for 5 HP & below ii) Rs.95 per HP for above 5 HP & below 40 HP iii) Rs.115 per HP for 40 HP & above but below 67 HP iv)Rs.165 per HP for 67 HP & above

Demand based Tariff (optional)

Details	Description	Existing Tariff as per 2019 Tariff Order	Proposed by MESCOM
Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.70 per KW of billing demand	Rs.110 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.100 per KW of billing demand	Rs.140 per KW of billing demand

	67 HP and above	Rs.180 per KW of billing demand	Rs.220 per KW of billing demand
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ii) Energy Charges

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
For the first 500 units	535 paise per unit	555 paise/ unit
For the next 500 units	630 paise per unit	650 paise/ unit
For the balance units	660 paise per unit	680 paise/ unit

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

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**

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 also 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	i) Rs.65 per HP for 5 HP & below ii) Rs.70 per HP for above 5 HP & below 40 HP iii) Rs. 90 per HP for 40 HP & above but below 67 HP iv) Rs.150 per HP for 67 HP & above

Demand Based Tariff (optional)

Fixed Charges per Month	Above 5 HP and less than 40 HP	Rs.85 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.115 per KW of billing demand
	67 HP and above	Rs.200 per KW of billing demand

ii) Energy Charges

Details	Approved by the Commission
For the first 500 units	570 paise/unit
For the next 500 units	670 paise/ unit
For the balance units	700 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	i) Rs.55 per HP for 5 HP & below ii) Rs. 65 per HP for above 5 HP & below 40 HP iii) Rs.85 per HP for 40 HP & above but below 67 HP iv)Rs.135 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.80 per KW of billing demand
	40 HP and above but less than 67 HP	Rs.110 per KW of billing demand
	67 HP and above	Rs.190 per KW of billing demand

iii) Energy Charges:

Details	Approved tariff
For the first 500 units	560 paise/ unit
For the next 500 units	655 paise/ unit
For the balance units	685 paise/unit

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

Time of Day	Increase (+)/ reduction (-) in energy charges over the normal tariff applicable
06.00 Hrs to 10.00 Hrs	0
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 in the following Table:

LT-6(a): Water Supply

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges per Month	Rs.75/HP/month	Rs.115/HP/month
Energy charges	460 paise/unit	500 paise/unit

LT-6 (b): Public Lighting

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed charges per	Rs.90/KW/month	Rs.130/KW/month

Month		
Energy charges without LED bulbs	625 paise/unit	665 paise/unit
Energy charges for LED / Induction	525 paise/unit	565 paise/unit

LT-6(c)- Electric Vehicle Charging Stations (For Both LT & HT)

Details	Existing as per 2019 Tariff Order	Proposed by MESCOM
Fixed /Demand charges per KW /KVA	For LT - Rs.60 /KW/month For HT – Rs.190/KVA/month	For LT - Rs.100 / KW / month For HT –Rs.230 / KVA / month
Energy charges (for both LT & HT)	500 paise/unit	525 paise/unit

Commission's decision:

During the public hearing and also the representation received from the stake holders, it is suggested to also include the Electric Vehicle Battery Swapping Stations which is considered as essential to promote usage of more clean / environmental friendly electric vehicle in the State. The Commission with a view to promote the usage of e-vehicle in the State and also to achieve the target set by the GoI / GoK, decides to categorise and include power supply to Electric Vehicle Battery Swapping Station installations also under LT 6(c) tariff schedule.

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.85/HP/month
Energy charges	485 paise/unit

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

Details	Approved Tariff
Fixed charges per Month	Rs.100 /KW/month
Energy charges	650 paise/unit
Energy charges for LED /	545 paise/unit

Induction Lighting	
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Tariff Approved by the Commission for LT-6 (c) :**Electric Vehicle Charging Stations* and Battery Swapping Stations***

Details		Approved Tariff
Under LT Supply	Fixed charges per KW	Rs.70/KW/month
Under HT Supply	DC per KVA	Rs.200/KVA/month
	Energy charges per KWH (for both LT & HT)	500 paise/unit

* Definition as per MoP's "Charging Infrastructure for Electric Vehicles – Guidelines & Standards"

7. 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 2019 Tariff Order	Proposed by MESCOM
a) Less than 67 HP:	Energy charge at 1060 paise per unit subject to a weekly minimum of Rs.210 per KW of the sanctioned load.	Energy charge at 1100 paise per unit subject to a weekly minimum of Rs.250 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 2019 Tariff Order	Proposed by MESCOM
a) Less than 67 HP:	Fixed Charge Rs.85 per KW/ month of the sanctioned load.	Fixed Charge Rs.125 per KW/ month of the sanctioned load.
	Energy charge at 1060 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)

Tariff Approved 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 1100 paise / unit subject to a weekly minimum of Rs.225 per KW of the sanctioned load.

TARIFF SCHEDULE LT-7(b)

Approved Tariff 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.100 per KW / month
		Energy charges at 1100 paise / unit

H.T. Categories:

Time of Day Tariff (ToD)

The Commission decides to continue with 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.

The increase in billing demand to 85% of the CD, is hereby continued for billing of all the HT installations.

8. 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 2019 Tariff Order	Proposed by MESCOM
1	Demand charges	Rs.210 / kVA of billing demand / month	Rs.260 / kVA for billing demand / month
2	Energy charges	520 paise per unit	560 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
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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. 220/ kVA of billing demand / month
Energy charges	545 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	0
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

9. HT2 (a) – HT Industries**MESCOM's Proposal:**

The existing and proposed tariff are as shown in the following Table:

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

Details	Existing tariff as per Tariff Order 2019	Proposed by MESCOM
Demand charges	Rs.210 / kVA of billing demand / month	For First 500 kVA of billing Demand Rs.210/- per KVA. For next 500 kVA of billing demand Rs.310/- per KVA.

		For billing demand in excess of 1000 kVA Rs.410/- per KVA
Energy charges (i) For the first one lakh units	695 paise per unit	645 paise per unit
(ii) For the balance units	720 paise per unit	675 paise per unit

Railway traction under HT2 (a).

Details	Existing tariff as per Tariff order 2019	Proposed by MESCOM
Demand charges	Rs.220 / kVA at billing demand / month	Rs.400 / kVA of billing demand / month
Energy charges	620 paise per unit for all the units	745 paise per unit for all the units

Effluent Treatment Plants independently serviced outside the premises of installation under HT2(a)

Details	Existing tariff as per Tariff order 2019	Proposed by MESCOM
Demand charges	Rs. 220 / kVA at billing demand / month	Rs. 400 / kVA of billing demand / month
Energy charges	660 paise per unit for all the units	745 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 (Next Day)	(-) 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 (Next Day)	(-) 100 Paise per unit

Commission's Decision:

Commission hereby continues 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.

Approved Tariff for HT – 2 (a):

The Commission approves the tariff for HT 2(a) category as under:

Applicable to all areas under MESCOM

Details	Tariff approved by the Commission
Demand charges	Rs. 220 / kVA of billing demand / month
Energy charges	
For the first one lakh units	720 paise/ unit
For the balance units	745 paise/ unit

The approved ToD tariff to HT2(a) tariff.

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

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

Railway Traction under HT2(a)

Details	Tariff approved by the Commission
Demand charges	Rs.230 / kVA of billing demand / month
Energy charges	645 paise / unit for all the units

The Commission, by considering the concessional tariff extended to the Railway traction, decides that Special Incentive Scheme and ToD tariff shall not be extended to the Railway traction installations.

Effluent Treatment Plants independently serviced outside the premises of any installation under HT2(a)

Details	Tariff approved by the Commission
Demand charges	Rs.230 / kVA of billing demand / month
Energy charges	685 paise / unit for all the units

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

10. 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 2019	Proposed by MESCOM
Demand charges	Rs.230 / kVA of billing demand / month	Rs.280 / kVA of billing demand / month
Energy charges		
(i) For the first two lakh units	865 paise per unit	885 paise per unit
(ii) For the balance units	875 paise per unit	895 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 (Next Day)	(-) 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 (Next Day)	(-) 100 Paise per unit

Commission's Decision:

The Commission, as per the decision in Tariff Order Dated 30th May, 2019, decides to continue to include all the activities listed under LT3 tariff schedule shall also be considered to be billed under HT2(b) tariff schedule by including the additional nomenclature - 'all the activities listed under LT3 tariff schedule and not included under HT2(b) tariff schedule shall be classified and billed under HT-2(b), if they avail power under HT supply.

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.240/ kVA of billing demand / month
Energy charges	
(i) For the first two lakh units	890 paise per unit
(ii) For the balance units	900 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	0
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

11. 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 Educational Institutions and Hostels of all Educational Institutions:

Details	Existing tariff as per Tariff Order 2019	Proposed by MESCOM
Demand charges	Rs.210 / kVA of billing demand / month	Rs.260 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	680 paise per unit	720 paise per unit
(ii) For the balance units	720 paise per unit	760 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 2019	Proposed by MESCOM
Demand charges	Rs. 210 / kVA of billing demand / month	Rs. 260 / kVA of billing demand / month
Energy charges		
(i) For the first one lakh units	780 paise per unit	820 paise per unit
(ii) For the balance units	820 paise per unit	860 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(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 (Next Day)	(-) 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.220/ kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	705 paise per unit
(ii) For the balance units	745 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.220 / kVA of billing demand / month
Energy charges	
(i) For the first one lakh units	805 paise per unit
(ii) For the balance units	845 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	0
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-3(a) Lift Irrigation Schemes under Government Departments / Government owned Corporations/ Lift Irrigation Schemes under Private Societies:

The existing and proposed tariff are given in the following Table:

Existing and proposed tariff for HT3 (a) –Lift Irrigation Schemes**HT3(a) (i) Applicable to LI Schemes under Government Departments / Government owned Corporations**

Details	Existing charges as per Tariff Order 2019	Proposed by MESCOM
Energy charges/ Minimum charges	275 paise / unit Subject to an annual minimum of Rs.1480 per HP / annum	315 paise / unit Subject to an annual minimum of Rs.1530 per HP / annum

HT 3(a) (ii) Applicable to Private LI Schemes and Lift Irrigation Societies: fed through Express / Urban feeders

Details	Existing Tariff as per Tariff Order 2019	Proposed by MESCOM
Fixed charges	Rs. 70 / HP / Month of sanctioned load	Rs. 120 / HP / Month of sanctioned load
Energy charges	275 paise / unit	315 paise / unit

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

Details	Existing Tariff as per Tariff Order	Proposed by MESCOM
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	2019	
Fixed charges	Rs.50 / HP / Month of sanctioned load	Rs.110 / HP / Month of sanctioned load
Energy charges	275 paise / unit	315 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 Government Department/ Government owned Corporations

Energy charges / Minimum charges	300 paise/ unit subject to an annual minimum of Rs.1600 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.80 / HP / Month of sanctioned load
Energy charges	300 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.60 / HP / Month of sanctioned load
Energy charges	300 paise / unit

13. 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 2019	Proposed by MESCOM
Energy charges / minimum charges	475 paise / unit subject to an annual minimum of Rs.1480 per HP of sanctioned load	515 paise / unit subject to an annual minimum of Rs.1530 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	500 paise / unit subject to an annual minimum of Rs.1600 per HP of sanctioned load

14. 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 2019	Proposed by MESCOM
Demand charges	Rs.130 / kVA of billing demand	Rs.180/ kVA of billing demand
Energy charges	665 paise per unit	705 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.140 / kVA of billing demand
Energy charges	690 paise/ unit

15. 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 Tariff Order 2019	Proposed by MESCOM
Fixed charges / Demand Charges	Rs.260/HP/month for the entire sanction load / contract demand	Rs.310/HP/month for the entire sanction load / contract demand
Energy Charges	1060 paise / unit	1100 paise / unit

Commission's Views/Decisions:

The approved tariff in respect of HT-5 is as under:

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.275 /HP/month for the entire sanction load / contract demand
Energy Charges	1100 paise / unit

The Approved Tariff schedule for FY21 is enclosed in **Annexure– IV** of this Order.

6.7 Wheeling and Banking Charges:

MESCOM has proposed wheeling charges of 41paise/unit and 97 paise/unit for HT network and LT network, respectively. Further it is stated that proposed technical losses of 3.94-% at HT level and 6.48% at LT level are applicable.

The Commission in its preliminary observations had noted that, MESCOM analysing the losses incurred by them due to concessional wheeling and banking charges to RE sources, had requested to approve all the relevant charges applicable to OA/wheeling transactions for Non-RE sources to RE sources also.

The Commission had directed MESCOM to submit revised calculation based on the observations made by the Commission. The Commission notes that, MESCOM has not furnished the revised calculations.

While the Commission has noted the replies furnished by MESCOM, 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 in the following paragraphs:

6.7.1 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 to each voltage level is worked out as under:

TABLE – Wheeling Charges

Distribution ARR-Rs. Crs	645.12
Sales-MU	5268.53
Wheeling charges- paise/unit	122.45
	Paise/unit
HT-network	36.73
LT-network	85.71

In addition to the above, the following technical losses are applicable:

Loss allocation	% loss
HT	3.76
LT	6.18

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	
Drawal point ↓			
HT	37(3.76%)	123(9.94%)	
LT	123(9.94%)	86(6.18%)	

Note: Figures in brackets are applicable loss

The wheeling charges as determined above are applicable to all the open access / wheeling transactions for using the MESCOM network only, except for energy transmitted or wheeled from renewable sources to the consumers within the State.

6.7.2 WHEELING OF ENERGY USING TRANSMISSION NETWORK OR NETWORK OF MORE THAN ONE LICENSEE

6.7.3 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 including losses determined by the Commission shall be payable to the Transmission Licensee.
- ii. If the Transmission network and the ESCOMs' network is used, Transmission Charges shall be payable to the Transmission Licensee, in addition to transmission losses. Wheeling Charges of the ESCOM where the power is drawn shall be shared equally among the ESCOMs whose networks are used.

Illustration 1:

If a transaction involves transmission network & MESCOM's network and 100 units is injected, then at the drawal point the consumer is entitled for 87.32 units, after accounting for Transmission loss of 3.039% & MESCOM's technical loss of 9.94%.

The Transmission charge in cash as determined in the Transmission Tariff Order shall be payable to KPTCL & Wheeling Charge of 123 paise per unit shall be payable to MESCOM. In case more than one ESCOM is involved, the above 123 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 2:

If a transaction involves injection to BESCOM's network & drawal at MESCOM's network, and 100 units is injected, then at the drawal point the consumer is entitled for 90.06 units, after accounting MESCOM's technical loss of 9.94%.

The Wheeling charge of 123 paise per unit applicable to MESCOM shall be equally shared between MESCOM & BESCOM.

As the actual normal network charges depend upon the point of injection and point of drawal, the following broad guidelines may be followed by the licensees, while working out the charges:

Injection point →	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
Drawal point ↓						
KPTCL Network	Transmission charges & Losses as per KPTCL's Order	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn	Transmission charges & Losses as per KPTCL's Order and ESCOM's wheeling charges & Technical losses as per illustration-1 of Tariff Order for the ESCOM where power is drawn
BESCOM Network	Transmission charges & Losses as per KPTCL's Order and BESCOM's wheeling charges & Technical losses as per illustration-1 of BESCOM's Tariff Order	BESCOM's network charges and technical losses as per BESCOM's tariff order under the heading 'wheeling within BESCOM area' which again depends on point of injection or drawal	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order	BESCOM's network charges and technical losses as per illustration-2 of BESCOM's tariff order
MESCOM Network	Transmission charges & Losses as per KPTCL's Order and MESCOM's wheeling charges & Technical losses as per illustration-1 of MESCOM's Tariff Order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order under the heading 'wheeling within MESCOM area' which again depends on point of injection	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order	MESCOM's network charges and technical losses as per illustration-2 of MESCOM's tariff order

Injection point →	KPTCL Network	BESCOM Network	MESCOM Network	CESC Network	HESCOM Network	GESCOM Network
Drawal point ↓						
			or drawal			
CESC Network	Transmission charges & Losses as per KPTCL's Order and CESC's wheeling charges & Technical losses as per illustration-1 of CESC's Tariff Order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per CESC's tariff order under the heading 'wheeling within CESC area' which again depends on point of injection or drawal	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order	CESC's network charges and technical losses as per illustration-2 of CESC's tariff order
HESCOM Network	Transmission charges & Losses as per KPTCL's Order and HESCOM's wheeling charges & Technical losses as per illustration-1 of HESCOM's Tariff Order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order	HESCOM's network charges and technical losses as per HESCOM's tariff order under the heading 'wheeling within HESCOM area' which again depends on point of injection or drawal	HESCOM's network charges and technical losses as per illustration-2 of HESCOM's tariff order
GESCOM Network	Transmission charges & Losses as per KPTCL's Order and GESCOM's wheeling charges & Technical losses as per illustration-1 of GESCOM's Tariff Order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order	GESCOM's network charges and technical losses as per illustration-2 of GESCOM's tariff order under the heading 'wheeling within GESCOM area' which again depends on point of injection or drawal

6.7.4 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.

6.7.5 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 para 6.7.1 and 6.7.3 of this Order shall be applicable. For Captive RE generators including solar power projects opting for RECs, the wheeling charges as

specified in the separate Orders issued by the Commission from time to time shall be applicable.

6.7.6 BANKING CHARGE

Banking Charges as specified in the separate Orders issued by the Commission from time to time shall be applicable.

6.7.7 CROSS SUBSIDY SURCHARGE[CSS]:

The MESCOM, in its tariff application, for FY21, has proposed the following CSS:

Paise per unit

Voltage level	HT-1	HT-2a	HT-2b	HT-2C	HT-3b	HT-4	HT-5
66kV & above	-	1.60	2.11	1.83	1.65	1.05	3.16
HT-33 kV	-	1.50	2.11	1.83	1.55	0.95	3.16
HT-11kV	-	1.29	2.11	1.83	1.34	0.74	3.16

The Commission in its preliminary observations had directed MESCOM to submit the CSS applicable to LT- categories also.

MESCOM in its reply has submitted the CSS for LT category as indicated below:

Category	LT-2a	LT-2b	LT-3	LT-5
CSS-Rs./unit	-	1.93	2.06	1.99

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

The Commission has adopted the formula as per Tariff Policy, 2016, for computing the CSS which is as indicated below:

$$S=T-[C/(1-L/100) + D + R]$$

Where:

S is the Surcharge

T is the tariff Payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

Before proceeding to the computation of CSS the Commission places on record the following:

The Commission has noted that several stakeholders at various fora, are claiming that, while computing CSS, only the energy charges as per retail supply tariff only has to be considered, without considering the fixed charges/Demand charges. The above issue regarding the interpretation of the term 'T'-tariff, in the formula stated supra, has been dealt by Hon'ble ATE in several of its Orders, a few of which is reproduced below:

i) **Appeal No. 181 of 2015 – Byrnihat Industries Association v Meghalaya Electricity Regulatory Commission & Anr. (Judgment dated 26.05.2016 of the Hon'ble ATE)**

“...

18. *The Cross-Subsidy Surcharge is the difference between the tariff for category of consumer and the cost of supply. CSS is determined by using the figures of Tariff (T) for the relevant category of consumer for the year in question and cost of power purchase (C) of top 5% at margin excluding liquid fuel based and renewable power in that year.*

It is observed that Appellant has made reliance on the Table 8.2 of the Impugned Order i.e. "Category of consumer wise tariffs approved by the Commission" and used approved Energy Charge of Rs 5.40/KVAH as the Tariff for computation of Cross Subsidy Surcharge.

19. *In the National Tariff Policy formula, "T" is the Tariff payable by relevant category of consumers. The Tariff has two components viz. Fixed/ Demand charge and Energy charge and hence, for the purpose of calculating cross- subsidy surcharge, the State Commission has considered Average Billing Rate in Rs/ KWh for the respective category as "T" as it reflects the effective*

combination of fixed/demand and energy charges payable by that category of consumers. We are in agreement with the formulation of the State Commission for using Average Billing Rate for a consumer category to be used while determining Cross Subsidy Surcharge."

ii) **Appeal No. 178 of 2011 – Reliance Infrastructure Limited (R-Infra) vs Maharashtra Electricity Regulatory Commission & Ors. (Judgment dated 02.12.2013 the Hon'ble ATE)**

"8. We shall now take up each of the above issues one by one. Before we attempt to address each of the above issues, it would be profitable to explain the steps that are required to be taken to fix the Tariff and CSS. These are:

- Category wise expected sale to each of the category of consumer is estimated on the basis of previous year consumption and CAGR computed using historical data.
- Sum of expected category wise sale is the total sale of power by the Distribution Licensee during the year. Let it be 'SoP'.
- Estimated transmission and distribution losses are added to total sale of power to consumers. Let it be 'PP'
- Cost of power purchase is calculated on the basis of tariff for each of the sources available and selected based on merit order to meet the power purchase requirement of Distribution Licensee. Let it be 'CoPP'
- Other elements of tariff such as RoE, Interest on loan, Interest on working capital, O&M charges, Depreciation etc are also determined on the basis of norms specified in relevant regulations. Sum these charges is Wheeling Charges. Let these be 'WC'
- Sum of power Purchase cost (CoPP) and Wheeling Charges (WC) is the ARR of the Distribution Licensee.
- Since category wise sale of power has already estimated, expected revenue from such sale is estimated from current tariff. Let it be 'RCT' (Revenue from current tariff)
- Difference between ARR and RCT is the gap in revenue. Let it be 'GAP'
- The GAP so arrived at is filled up by redesigning the category wise tariff.

- CSS is the difference between the tariff for category of consumer and the cost of supply. CSS is determined by using the figures of Tariff (T) for the year in question and cost of power purchase (C) in that year.

- Tariff of subsidising consumers is generally in two parts i.e. fixed charges and energy charges. Therefore, the term tariff is the effective tariff for that category of consumers.

- Since fixed charges remain constant irrespective of consumption by the consumer, the effective tariff varies and gets reduced with increase in consumption as can be seen from following illustration:

o Let us assume fixed charges at Rs 200 per kVA of contract demand and energy charges at Rs 5 per unit. Effective tariff for a consumer having contract demand of 100 kVA at different load factor would be as given in the table below:

Load Factor	Consumption	Fix charges	Energy Charges	Total Charges	Effective Tariff
0.1	7200	20000	36000	56000	7.78
0.2	14400	20000	72000	92000	6.39
0.3	21600	20000	108000	128000	5.93
0.4	28800	20000	144000	164000	5.69
0.5	36000	20000	180000	200000	5.56
0.6	43200	20000	216000	236000	5.46
0.7	50400	20000	252000	272000	5.40
0.8	57600	20000	288000	308000	5.35
0.9	64800	20000	324000	344000	5.31
1	72000	20000	360000	380000	5.28

- Effective tariff shown in last col. is also known as Average Billing Rate (ABR) for that particular consumer. ABR for a consumer category is determined by dividing total expected revenue from the category by total expected sale to that category (Tribunal's judgment dated 30.5.2011 in Appeal No. 102 of 2010 and Batch – Odisha case). Mathematically, it can be represented as:

$$\text{ABR of a category of consumer} = \frac{\text{Total Expected Revenue from a category}}{\text{Total Sale of power to that category}}$$

Considering the above orders of the Hon'ble APTEL, the Commission has passed orders on 28.01.2020 in case nos. 76/15, 27/16 and 98/16, consequent to the directions given by Hon'ble ATE in Appeal Nos. 259/16 & 270/15 on Tariff Order dated 02.03.2015 and Appeal No. 386/17 on Tariff Order dated 30.03.2016, to reconsider the CSS issue, wherein the Commission has held that, the interpretation of the term "T" in the surcharge formula is a settled issue and it

refers to the total of demand charges and the energy charges divided by the energy consumed by the consumer and that demand charges are being levied twice is not correct.

Regarding the stakeholders view that CSS is increasing year on year, the Commission, in the above order has held that the reduction should be in terms of percentage and not in absolute terms, as it is but natural that in absolute terms the CSS increases due to increase in the input costs and inflation. As such the contention that the CSS is increasing and is against the provisions of the Electricity Act, 2003, does not hold water.

Thus, the Commission reiterates the above decision regarding CSS.

Based on the methodology specified in its MYT and OA Regulations, and adopting the above formula the category wise cross subsidy surcharge will be as indicated in the following Table:

						Paise/unit
Tariff category	Category Tariff paise/unit 'T' (Avg. of ESCOMs)	State Average Cost of supply @ 66 kV and above level* paise/unit $C/(1-1/100)+D+R]$	State Average Cost of supply at @ HT level** paise/unit $C/(1-1/100)+D+R]$	Cross subsidy surcharge paise/unit @ 66 kV & above level as per formula	Cross subsidy surcharge paise/unit @ HT level as per formula	20% of tariff payable by relevant category-paise/unit
1	2	3	4	5	6	7
				(2-3)	(2-4)	20% of (2)
HT-1 Water Supply	620	533.97	582.23	86.03	37.77	124.00
HT-2a Industries	895	533.97	582.23	361.03	312.77	179.00
HT-2b Commercial	1075	533.97	582.23	541.03	492.77	215.00
HT-2 (C)(i)	879	533.97	582.23	345.03	296.77	175.80
HT-2 (C)(ii)	991	533.97	582.23	457.03	408.77	198.23
HT3 (a)(i) Lift Irrigation	300	533.97	582.23	-233.97	-282.23	60.00
HT3 (a)(ii) Lift Irrigation	386	533.97	582.23	-147.97	-196.23	77.20
HT3 (a)(iii) Lift Irrigation	372	533.97	582.23	-161.97	-210.23	74.40
HT3 (b) Irrigation & Agricultural Farms	534	533.97	582.23	0.03	-48.23	106.80
HT-4 Residential	807	533.97	582.23	273.03	224.77	161.40

Tariff category	Category Tariff paise/unit 'T' (Avg. of ESCOMs)	State Average Cost of supply @ 66 kV and above level* paise/unit $C / (1 - /100) + D + R$	State Average Cost of supply at @ HT level** paise/unit $C / (1 - /100) + D + R$	Cross subsidy surcharge paise/unit @ 66 kV & above level as per formula	Cross subsidy surcharge paise/unit @ HT level as per formula	20% of tariff payable by relevant category-paise/unit
Apartments						
HT5 Temporary	1504	533.97	582.23	970.03	921.17	300.80

*Includes weighted average power purchase costs of 450.17 paise/unit, transmission charges of 69.43 Paise per unit and transmission losses of 3.09% including commercial losses at EHT.

** Includes weighted average power purchase costs of 450.17 Paise per unit, transmission charges of 69.43 Paise per unit and transmission losses of 3.09% including commercial losses at EHT, HT distribution network / wheeling charges of 29.12 Paise per unit and HT distribution losses of 3.96% including commercial losses at HT.

Note: The carrying cost of regulatory asset of transmission licensee for the current year is included in Transmission charges.

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 nearest paise) is determined as per the following table:

Paise/unit

Particulars	66 kV & above	HT level-11 kV/33kV
HT-1 Water Supply	86	38
HT-2a Industries	179	179
HT-2b Commercial	215	215
HT-2 (C)(i)	176	176
HT-2 (C)(ii)	198	198
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	0	0
HT-4 Residential Apartments	161	161
HT5 Temporary	301	301

Note: wherever CSS is one paise or less, 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. Further, the Commission directs the Licensees to carry forward the amount realized under Open Access/wheeling to the next ERC, as it is an additional income to the Licensees.

Regarding the CSS for LT categories, the Commission would determine the CSS as and when open access is allowed to LT-consumers.

The detailed calculation sheet of CSS is enclosed as Annexure-4.

6.8 Additional Surcharge:

ESCOMs in their tariff application for the approval of APR for FY19 and for revision of retail supply tariff for FY21, have submitted that they have tied up sufficient quantum of power, after approval by this Commission, by considering the overall growth in sales. However, a large number of its high revenue yielding consumers are buying power under Open Access instead of availing supply from the ESCOMs. As a result, the generation capacity tied up by the ESCOMs remains idle. In this situation, ESCOMs needs to back down the generation and also required to pay Fixed Charges (or Capacity Charges) to the Generators irrespective of actual purchase. Thus, ESCOMs have stated that there is a need for recovery of the part of fixed cost towards the stranded capacity arising from the power purchase obligation through levy of Additional Surcharge.

BESCOM, in its Petition has stated that they have computed the Additional surcharge in line with the methodology adopted by the Commission in its Order dated 30th May, 2019. Further BESCOM has submitted that the Additional Surcharge that could be recovered as per the ARR of BESCOM for FY21 is Rs.1.96/unit and as per APR for FY19 is Rs.1.04/unit. BESCOM has considered the following data while computing the above ASC:

- a. As per FY21 proposed ARR
- Proposed fixed charges from HT consumers (D21)= Rs.2118.29 Crores.
 - Total Fixed Charges to be collected = Rs.3643.54 Crores.
 - Estimated Under recovery from Fixed Charges = Rs.1525.25 Crores.
 - Additional Surcharge = Rs.1.96 (196 Paisa per unit)
- b. As per FY19 proposed APR:
- Proposed fixed charges from HT consumers (D21) =Rs 1268.06 Crores
 - Total Fixed Charges to be collected =Rs 2125.14 Crores
 - Estimated Under recovery from Fixed Charges =Rs 857.08 Crores
 - Additional Surcharge =Rs.1.04 (104 Paisa per unit)

MESCOM, in its Petition has stated that they have computed the Additional surcharge in line with the methodology adopted by the Commission in its Order dated 30th May, 2019. MESCOM, furnishing the details of calculations has proposed the additional surcharge to be recovered from HT consumers at Rs.0.82 per unit.

CESC, in its filing has requested the Commission to continue levy of Additional Surcharge for OA consumers procuring power from power exchanges and RE generators. The Commission in its preliminary observation had observed that, CESC had not furnished any calculations for the Additional Surcharge. Therefore, CESC was directed to furnish the calculations for Additional Surcharge, adopting the methodology as adopted in Tariff Order dated 30th May, 2019.

CESC, in its reply to the preliminary observation has submitted that it has determined the additional surcharge of Rs.1.54 per unit by allocating the fixed charges of power purchase to EHT and HT consumers in proportion to their input energy. It excluded the KPTCL transmission charges, SLDC charges and distribution network cost, as these charges are being recovered from open access consumers for the use of transmission and distribution network. Further,

CESC has also considered the fixed cost associated with retail supply business allocated to EHT and HT consumers in proportion to their energy sales. Based on the above, the total fixed charges excluding KPTCL transmission charges, SLDC charges, and distribution network charges is considered for computation of Additional Surcharge. Further, out of the fixed charges recovered from HT and EHT consumers in retail supply tariff, the fixed costs allocated to EHT and HT consumers towards transmission and distribution network costs, is deducted on first charge basis. After considering the balance of fixed charges attributable to HT/EHT consumers, the remaining stranded fixed costs has to be recovered from OA consumers by levy of additional surcharge.

HESCOM, in its Petition has requested the Commission for the continuation of adoption of uniform Additional surcharge across the State for FY21 as may be determined by the Commission by considering the total fixed cost of all the ESCOMs. The Commission in its preliminary observation had directed HESCOM to compute the Additional Surcharge, as per the methodology adopted in Tariff Order 2019. HESCOM in its replies furnishing the details of calculations has computed a Additional Surcharge of Rs.1.15 per unit based on FY19 actuals.

GESCOM, in its Petition has computed the additional surcharge at Rs. 1.66 per unit based on APR of FY19 and Rs.1.87 based on proposed ARR for FY21 and has requested additional surcharge of Rs.1.87 per unit.

In view of above, ESCOMs in their tariff application have proposed levy of additional surcharge for FY21 as given below:

ESCOM	Additional Surcharge proposed-Rs. Per unit
BESCOM	1.04 as per APR and 1.96 as per ARR filed
MESCOM	0.82
CESC	1.54
HESCOM	1.15
GESCOM	1.66 as per APR and 1.87 as per ARR filed

Commission's views and decision:

The Commission in its previous order, considering the provisions of the Electricity Act, 2003, National Electricity Policy, Tariff Policy, KERC Regulations and orders of Hon'ble Supreme Court and Hon'ble APTEL, has held that the Additional Surcharge (ASC) can be levied on the open access consumers, to meet the stranded fixed cost obligations of the distribution licensee arising out of its obligation to supply power. Further, the Commission had worked out the Additional Surcharge based on actuals of previous year namely FY18, in its previous order. The Commission notes that all the ESCOMs have computed Additional Surcharge adopting the methodology followed by the Commission in its previous order. However, BESCOM and GESCOM have computed ASC considering the actuals of FY19 as well as data as per proposed ARR for FY21.

Some of the objectors, have argued that the ASC has to be computed as per actuals of FY19 and not on the basis of proposed ARR. Even though, the Commission in its previous order had worked out the Additional Surcharge as per actuals, in the present order the Commission decides to determine the Additional Surcharge based on approved ARR for the following reasons:

- a. The Retail supply tariff is based on FY21 ARR
- b. The wheeling charges are also as per FY21 ARR
- c. CSS is also determined as per FY21 ARR
- d. Subsidy requirement is also based on estimates of FY21

Since, all the charges are being determined on the estimated cost for FY21, the Commission is of the view that Additional Surcharge should also be as per ARR of FY21. Further, truing up of ARR for FY21 subsequently would take care of any variations, if any, which is carried forward to the ARR of next/ subsequent year. Thus, in this order the Commission has determined the ASC as per FY21 estimates, adopting the same methodology as in the previous order.

The Commission notes that, when a consumer purchases electricity under Open Access, the ESCOMs lose the Fixed Charges embedded in the energy charges for the number of units of energy purchased under Open Access. The

Commission has determined the Additional Surcharge for the ESCOMs by allocating the total fixed cost of Power Purchase to EHT and HT consumers in proportion to their input energy. The Commission, while computing the Additional Surcharge, has excluded the KPTCL transmission charges & SLDC charges and the distribution network cost, as these charges are being recovered from the Open Access consumers for the use of transmission and distribution network. Further, the Commission has also considered the fixed cost associated with the retail supply business allocated to EHT and HT consumers in proportion to their energy sales. Based on the above, the total Fixed cost excluding KPTCL Transmission charges, SLDC charges and Distribution network charges, is considered for computation of Additional Surcharge for EHT and HT consumers.

Further, out of the fixed charges recovered from EHT and HT consumers in retail supply tariff, the fixed costs allocated to EHT and HT consumers towards transmission and distribution network cost, is deducted on first charge basis. The balance of the fixed charges recovered through retail supply tariff is set off against the total stranded fixed cost attributable to HT/EHT consumers and the remaining stranded fixed cost has to be recovered from OA consumers by levy of additional surcharge.

Based on the above methodology, the Additional Surcharge recoverable from the consumers of ESCOMs is worked out as follows:

ESCOM	Computed Additional Surcharge Rs/Unit
BESCOM	0.90
MESCOM	3.04
CESC	2.73
HESCOM	2.21
GESCOM	2.56

The Commission notes that, as per the Additional Surcharge computed as above, there is a wide variation in the rates of Additional Surcharge to be recovered from the OA consumers among the ESCOMs. Since, the retail supply tariff and the cross subsidy surcharge applicable to the consumers of the State is uniform across the State, the Commission decides to adopt a uniform Additional Surcharge across the State which is worked out, by considering the total fixed cost of all the ESCOMs as follows:

Computation of Additional Surcharge for FY21

	Particulars	Unit	110kV & 66 kV	11 kV	LT	Total
1	Power Purchase Cost of the State	Rs.in Cr.	-	-	-	37227.47
2	Distribution of Power Purchase Cost (Based on share of voltage-wise energy Input)	Rs.in Cr.	1708.54	6774.85	28744.08	37227.47
3	Energy Input Share in percentage	%	4.680	17.999	77.320	100.00
4	Total Fixed Charges Power Purchase cost (Excluding KPTCL Transmission charges+ SLDC)	Rs.in Cr.	-	-	-	10013.16
5	Distribution of Fixed Charges in Power Purchase cost -Voltage-wise (Based on share of energy Input)	Rs.in Cr.	453.62	1848.83	7710.71	10013.16
6	KPTCL Transmission Charges+ SLDC (Based on share of energy input)	Rs.in Cr.	201.72	786.04	3330.54	4318.30
7	Fixed cost in Retail Supply Business (Based on share of energy sales)	Rs.in Cr.	179.71	634.28	2420.37	3234.36
8	Distribution network costs (Based on share of energy sales)	Rs.in Cr.	338.42	1111.24	4551.90	6001.56
9	Total Fixed cost (column number 5+6+7+8)	Rs.in Cr.	1173.48	4380.38	18013.52	23567.38

	Particulars	Unit	110kV & 66 kV	11 kV	LT	Total
10	Fixed cost recoverable in wheeling and banking charges (transmission charges + SLDC + Distribution network costs) (column number 6+8)	Rs.in Cr.	540.15	1897.28	7882.44	10319.86
11	Balance of Fixed Cost to be recovered through additional surcharge (column number 5+7)	Rs.in Cr.	633.34	2483.11	10131.08	13247.52
12	Total Fixed Cost recoverable from HT/EHT consumers (excluding Transmission and Distribution Network cost)	Rs.in Cr.	633.34	2483.11	-	3116.45
13	Fixed charges recovered by ESCOMs through tariff from HT/EHT consumers	Rs.in Cr.	3033.50	-	-	-
14	Less: Fixed Charges allocated to transmission and distribution network cost	Rs.in Cr.	2437.42	-	-	-
15	Balance available fixed charges (column number 13-14) from HT consumers	Rs.in Cr.	596.08	-	-	596.08
16	Shortfall in recovery of Fixed Cost to be considered for recovery of additional surcharge (column number 12-15)	Rs.in Cr.	-	-	-	2520.37
17	Total HT/EHT Sales of ESCOMs	In MU	-	-	-	15291.54
18	Additional Surcharge (column number 16/17 x 10)	Rs./unit				1.65

As per the above computations, a uniform Additional Surcharge across ESCOMs in the State that has to be levied to OA consumers works out to Rs.1.65 per unit. The Commission is mandated by the Electricity Act, 2003, to encourage open access with a view to promote competition and at the same time has to protect the interest of the consumers of the distribution companies in the State. In this background, the Commission is of the considered view that levying Additional Surcharge of Rs.1.65 per unit would burden the open access

transactions and at the same time if it is not levied, it would burden on the consumers of the distribution licensees. In order to balance the interest of both OA consumers and the other consumers, the Commission decides to levy 50% of uniform Additional Surcharge of Rs.1.65 per unit, i.e., Rs. 0.825 / Unit, duly rounding off to the nearest ten paise i.e. Rs.0.80 per unit (80 paise per unit) as Additional Surcharge to be recovered from OA consumers for FY21. The above Additional Surcharge shall be payable by the HT/EHT open access consumers to the concerned distribution licensee on a monthly basis, based on the actual energy drawn during the month, through Open Access. Further, to encourage renewable sources of power, the Commission decides to levy Additional Surcharge of 20 paise per unit (25% of 80 paise per unit) for the energy procured under OA from Renewable Energy Sources.

6.9 Other Issues:

6.9.1 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). **The Commission directs ESCOMs to make wide publicity about the availability of RE power at an additional tariff of 50 paise per unit, through newspapers/media/interaction meeting with the industrial consumers.**

6.9.2 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

Government of Karnataka has mandated the installation of solar water heater on the roof of the residential buildings on certain conditions and the use of Solar Water Heaters is advantageous to both the ESCOMs and the consumers, the Commission by considering the financials of the ESCOMs, 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 under tariff schedule LT2(a).

ii) Prompt payment incentive:

The Commission had approved a prompt payment incentive at the rate of 0.25% of the bills amount in respect of:

- (i) in all cases of payment through ECS;
- (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 prompt payment incentive as above.

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 / National Company Law Tribunal (NCLT).

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.

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 could also make payment of power bills through Electronic Clearing System(ECS)/ Credit card/ online E-payment upto the limit prescribed by the RBI, and the collection of power supply bills above Rupees One lakh through RTGS / NEFT at the option of the consumer.

The Commission as decided in the Tariff Order 2018 dated 14th May, 2018, in order to encourage the consumers to opt for digital payments in line with the direction of the MOP, GoI, decides to continue 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 MESCOM to incur and claim the expenditure on such transaction in the ARR. **However, the Commission decides to allow MESCOM to incur the expenditure on the payment for power supply bills received through Debit / Credit Cards having demand up to Rs.2000/- and below only.**

6.10 Cross Subsidy Levels for FY21:

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- 3 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, all the ESCOMs including MESCOM have filed their applications for revision of tariff on 29th November, 2019. In view of various restrictions / measures including the Lockdown imposed by the GoI/GoK on account pandemic COVID 19, the Commission, in order to cope up with the situation, was unable to issue the Tariff Order within the time frame.

In view of the prevailing COVID-19 lockdown situation, in order to reduce the burden on consumers the Commission has decided to give effect to the revised tariff from 1st November, 2020. The Commission has decided to treat the unrecovered revenue of Rs122.93 Crores as Regulatory Asset as discussed in Chapter-5 of this Order.

A statement indicating the proposed revenue and approved revenue is enclosed vide Annexure-3 and detailed tariff schedule is enclosed vide Annexure -5.

6.12 Summary of the Tariff Order:

The following is summary of the Tariff Order 2019:

- The Commission has approved for MESCOM an ARR of Rs.4011.33 Crores for FY21, which includes the surplus for FY19 of Rs.233.55 Crores as per APR, with a net gap in revenue of Rs.210.74 Crores as against MESCOM's proposal for approval of ARR of Rs.4251.43 Crores and a gap of Rs.346.09 Crores.

- Since the Tariff Order is effective from 1st of November, 2020, the Commission has allowed recovery of the revenue gap of Rs.87.81 Crores during FY21. The remaining unrecovered revenue gap of Rs.122.93 Crores is treated as Regulatory Asset to be recovered in the next two Financial years i.e. FY22 and FY23.
- MESCOM in its filing dated 28.11.2019 had proposed an average increase of 62 paise per unit for all categories of consumers resulting in average increase in retail supply tariff by 8.86%. The Commission has approved an average increase of 40 paise per unit. The average increase in retail supply tariff of all the consumers for FY21 is 5.54%.
- MESCOM in its petition has proposed to increase both the demand charges and energy charges for all categories of consumers. The Commission has allowed recovery of additional revenue, partly by increase in fixed charges ranging from Rs.10 per KW/HP/KVA to all the categories of consumer wherever applicable and Rs.15 per KW/HP to temporary supply.
- The Commission has allowed recovery of additional revenue partly by increase in the energy charges in the range of 20 paise per unit to 25 paise per unit to all category of consumers and 50 paise per unit to temporary installations.
- Under the **ToD** tariff, penalty for usage of power during morning peak period from 06.00 Hrs to 10.00 Hrs. in respect of HT2 (a), HT2 (b) and HT2(c) has been removed. However, the penalty for evening peak usage is continued in this Order, except for Railway Traction Installations.
- The Commission, in order to increase the energy sales and to attract consumers to consume power from ESCOMs has decided to continue the existing Special Incentive Scheme to HT category, during FY21 for one more year.
- The Commission has allowed the concessional tariff of Rs.6.45 per unit to the Railway Traction installation.
- The energy consumption of 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, will be continued to 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 continue to bill the power supply arranged to Solid Waste Processing Plant under LT/HT Industrial Category.
- The Commission has continued the sub-category of LT-6(c) under LT -6 Tariff Schedule in respect of concessional power supply to the Electric Vehicle Charging Stations **by including the Electric Vehicle battery swapping Stations as well, without increasing the energy charges.**
- 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.
- 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 Rupees one lakh per sub-division on MESCOM, if it fails 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 approves the revised ARR as per APR for FY19 and determines the revised ARR for FY21 and notifies the retail supply tariff of MESCOM for FY21 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 November, 2020.
3. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru this day, the 4th of November, 2020.

Sd/-
(Shambhu Dayal Meena)
Chairman

Sd/-
(H.M. Manjunatha)
Member

Sd/-
(M.D. Ravi)
Member