



**KARNATAKA ELECTRICITY REGULATORY COMMISSION**

**TARIFF ORDER 2024**

**OF**

**HUKERI RURAL ELECTRIC  
CO-OPERATIVE SOCIETY LIMITED**

**ANNUAL PERFORMANCE REVIEW FOR FY23**

**&**

**APPROVAL OF REVISED ANNUAL REVENUE  
REQUIREMENT FOR FY25**

**&**

**REVISION OF RETAIL SUPPLY TARIFF FOR FY25**

**28<sup>TH</sup> FEBRUARY, 2024**

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<b>ABBREVIATIONS</b>	
ABT	Availability Based Tariff
AEH	All Electric Home
A & G	Administrative & General Expenses
ARR	Annual Revenue Requirement
ATE	Appellate Tribunal for Electricity
BBMP	Bruhat Bangalore Mahanagara Palike
BDA	Bangalore Development Authority
BST	Bulk Supply Tariff
BWSSB	Bangalore Water Supply & Sewerage Board
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CESC	Chamundeshwari Electricity Supply Corporation
CPI	Consumer Price Index
CWIP	Capital Work in Progress
DA	Dearness Allowance
DCB	Demand Collection & Balance
DPR	Detailed Project Report
DWA	Detailed Work Award
EA	Electricity Act
EC	Energy Charges
ERC	Expected Revenue From Charges
ESAAR	Electricity Supply Annual Accounting Rules
ESCOMs	Electricity Supply Companies
FA	Financial Adviser
FKCCI	Federation of Karnataka Chamber of Commerce & Industry
FR	Feasibility Report
FoR	Forum of Regulators
FY	Financial Year
GESCOM	Gulbarga Electricity Supply Company
GFA	Gross Fixed Assets
GoI	Government Of India
GoK	Government Of Karnataka
GRIDCO	Grid Corporation
HESCOM	Hubli Electricity Supply Company
HP	Horse Power
HRIS	Human Resource Information System
ICAI	Institute of Chartered Accountants of India
IFC	Interest and Finance Charges
IW	Industrial Worker
IP SETS	Irrigation Pump Sets
KASSIA	Karnataka Small Scale Industries Association
KER Act	Karnataka Electricity Reform Act

KM/Km	Kilometre
KPCL	Karnataka Power Corporation Limited
KPTCL	Karnataka Power Transmission Corporation Limited
kV	Kilo Volts
kVA	Kilo Volt Ampere
kW	Kilo Watt
kWH	Kilo Watt Hour
LDC	Load Despatch Centre
MAT	Minimum Alternate Tax
MD	Managing Director
MESCOM	Mangalore Electricity Supply Company
MFA	Miscellaneous First Appeal
MIS	Management Information System
MoP	Ministry of Power
MU	Million Units
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NLC	Neyveli Lignite Corporation
NCP	Non Coincident Peak
NTP	National Tariff Policy
O&M	Operation & Maintenance
P & L	Profit & Loss Account
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
PRDC	Power Research & Development Consultants
R & M	Repairs and Maintenance
ROE	Return on Equity
ROR	Rate of Return
ROW	Right of Way
RPO	Renewable Purchase Obligation
SBI	State Bank of India
SCADA	Supervisory Control and Data Acquisition System
SERCs	State Electricity Regulatory Commissions
SLDC	State Load Despatch Centre
SRLDC	Southern Regional Load Dispatch Centre
STU	State Transmission Utility
TAC	Technical Advisory Committee
TCC	Total Contracted Capacity
T&D	Transmission & Distribution
TCs	Transformer Centres
TR	Transmission Rate
WPI	Wholesale Price Index
WC	Working Capital

**KARNATAKA ELECTRICITY REGULATORY COMMISSION**

**No.16C-1. Miller Tank Bed Area, Vasanthnagar  
BENGALURU - 560 052**

**Dated 28<sup>th</sup> February, 2024**

**In the matter of:**

**Application of Hukeri Rural Electric Co-operative Society Ltd., (HRECS) in respect of the Annual Performance Review for FY23, Approval of Revision of Annual Revenue Requirement and revision of Retail Supply Tariff for FY25, under Multi Year Tariff framework.**

**Present:**

<b>Shri P. Ravi Kumar</b>	<b>.....</b>	<b>Chairman</b>
<b>Shri M.D.Ravi</b>	<b>.....</b>	<b>Member</b>

**O R D E R**

The Hukeri Rural Electric Co-operative Society Ltd., (hereinafter referred to as HRECS) is a Distribution Licensee under the provisions of the Electricity Act, 2003. The HRECS, has filed its Tariff application on 28<sup>th</sup> November, 2023 and has prayed to:

- a) Consider and approve for the revised Annual Revenue Requirement (ARR) of the HRECS FY25.
- b) Consider and approve the tariff proposals of the HRECS and increase in power purchase cost for AEQUS for FY25.
- c) Allow the recovery of expenses incurred by the HRECS in respect of this filing through tariff, while truing up of the accounts of the HRECS

- d) Pass such other orders as deem fit in the circumstances mentioned above in the interest of justice and equity.

In exercise of the powers conferred under Sections 62 and 64 and other provisions of the Electricity Act, 2003, KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations 2006, read with the KERC (Tariff) Regulations, 2000 and other enabling Regulations, as amended from time to time, the Commission has considered this application and also the views and objections submitted by the consumers and other stakeholders while passing this Order. The Commission's decisions on various aspects, are brought out in the subsequent Chapters of this Order.



## CHAPTER – 1

### INTRODUCTION

#### 1.0 Brief History of Hukeri Rural Electric Co-operative Society (HRECS)

Hukeri Rural Electric Co-operative Society (HRECS) was established on 21<sup>st</sup> July, 1969 as a Rural Electric Co-operative Society incorporated under the provisions of the Karnataka Co-operative Societies Act, 1959. It is a Distribution Licensee under Section 14 of the Electricity Act, 2003 (herein after referred to as the Act), responsible for purchase, distribution and retail supply of electricity to the consumers in Hukeri Taluk of Belagavi District. The Society is catering to the consumers coming under the area of supply of the Society. The Society is the only Co-operative Society in the State of Karnataka, working as an Electricity Distribution Licensee.

AEQUS is a Special Economic Zone establishment and is availing power supply from the HRECS. AEQUS SEZ has filed separate application for approval of APR for FY23 and revised ARR for FY25 as a deemed Distribution Licensee.

The distribution area of HRECs with six numbers of 110 / 11 kV substations and two numbers of 33 / 11 kV sub-stations, is divided into the following section offices:

1. Hukeri East
2. Hukeri West
3. Sankeshwar
4. Yamakanamaradi
5. Hidkal Dam
6. Kanagala
7. Hebbal
8. Sulthanpur
9. Bellada Bagewadi

### 1.1 HRECS's Profile

The profile of HRECS as on **31.03.2023**, is as under:

Sl. No	Particulars		Statistics
1.	Area	Sq. km.	991.49
2.	Consumers	Nos	142903
3.	Energy Sales	MU	328.01
4.	Distribution Transformers	Nos.	3154
5.	No. of Master Unit	Nos.	9
6.	Assets	Rs. Lakhs	14351.05

### 1.2 Background for filing the Tariff application:

The Commission in its Order dated 4<sup>th</sup> April, 2022 had approved revised ARR under APR for FY21, revised ARR for FY23 and had determined retail supply tariff for FY23. HRECS has filed its application on 28<sup>th</sup> November, 2023 for approval of the APR and retail supply tariff for FY23. The Commission has communicated its preliminary observations on the application to the HRECS on 20<sup>th</sup> December, 2023. The replies to the observations were submitted by the HRECS on 1<sup>st</sup> January, 2024.

### 1.3 Acceptance of Application and Publication of Notices:

The Commission, vide its letter dated 2<sup>nd</sup> January, 2024, informed the HRECS that, its application filed on 28.11.2023, for APR for FY23, approval of ARR and retail supply tariff for FY25 in the HRECS area of operation, has been treated as a petition, in terms of the Tariff Regulations, subject to further verification and validation and directed it to publish a summary of the application in the leading newspapers in the distribution area of HRECS, to invite objections / suggestions from the stakeholders. Accordingly, HRECS has published the summary of tariff application in the following newspaper.

Name of the News Paper	Language	Date of Publication
The Indian Express	English	05.01.2024 & 06.01.2024
Deccan Herald	Kannada	
Vijaya Karnataka		
Vijayavani		

#### 1.4 Public Consultation Process:

As part of the public consultation process, the Commission undertook the process of public consultation in pursuance of Section 64 of the Electricity Act, 2003, in order to obtain suggestions / views / objections from the interested persons /stakeholders on the tariff application filed by HRECS for FY25. In the written submissions as well as during the public hearing via video conference held on 20.02.2024, some stakeholders and public have raised several objections on the Tariff Applications filed by HRECS.

List of persons who filed written objections within due date:

Sl.No	Application No	Name and Address of Objectors
1	HRA-01	Sri Shravanakumar Kulkarni, AEQUES SEZ Pvt Ltd, AEQUES Special Economic Zone, 437/A, Hattargi Village, Hukkeri Taluk, Belagavi – 591243.
2	HRA-02	Sri Gangadhar Babu Kanthi, Sa: Masaraguppi, Hukkeri Taluk, Belagavi District.

The objections/suggestions mainly pertain to:

- Tariff related issues:
- Other specific requests.

The gist of the written objections relevant to the Tariff, Replies by HRECS and the Commission's Views are appended to this Order in **Appendix-1**. The details required by the objectors on the operations of the Society have been directly furnished to the objectors by the HRECS, in its replies to the objections.

## CHAPTER – 2

### ANNUAL PERFORMANCE REVIEW FOR FY23

#### 2.0 HRECS's Application for APR of FY23:

The Hukeri Rural Electric Co-operative Society (HRECS) has filed its application dated 28.11.2023, for Annual Performance Review (APR) for FY23, revision of ARR and revision of retail supply tariff for FY25. HRECS has requested the Commission, for Annual Performance Review of FY23, based on its audited accounts.

The Commission, vide its letter dated 20<sup>th</sup> December, 2023, had communicated its preliminary observations on the Petition filed by HRECS. HRECS has submitted its replies to the preliminary observations, to the Commission on 01.01.2024.

The Commission, vide its Tariff Order dated 4<sup>th</sup> April, 2022, had approved the revised Annual Revenue Requirement (ARR) and Retail Supply Tariff of HRECS for FY23.

The revised Annual Revenue Requirement of Hukeri RECS as per Annual Performance Review for FY23, based on the Audited Accounts of HRECS and other details submitted is discussed in this Chapter.

#### 2.1 HRECS's Submission:

Hukeri RECS has submitted its proposal for revision of ARR as per the APR for FY23 based on the audited accounts and other details as follows:

**TABLE – 2.1**  
**ARR for FY23-HRECS's Submission**

Particulars	Amount in Rs. Crores	
	As Approved as per Tariff Order 09.06.2021	As filed
Power Purchase in MU (Including AEQUUS SEZ)	349.282	382.24
Energy @ IF Point in MU (Including AEQUUS SEZ)	335.951	382.24
Sales to Other than IP & BJ/KJ in MU	86.250	107.28
Sales to BJ/KJ in MU	4.030	4.005
Sales to IP in MU	176.210	216.7283

<b>Total Sales in MU</b>	<b>266.49</b>	<b>328.015</b>
Distribution Loss (MU)	69.461	54.23
Distribution Loss in %	13.50%	14.19%
<b>Revenue</b>		
Revenue from sale to consumers other than IP & BJ/KJ	67.008	91.5408
Revenue from sale to BJ/KJ	2.625	2.9006
Revenue from sale to IP	103.965	136.1780
<b>Total Revenue</b>	<b>173.60</b>	<b>230.6194</b>
<b>Expenditure</b>		
Power Purchase Cost inclusive of transmission and SLDC Charges	181.400	220.4873
Employee Expenses		11.3106
R&M Expenses	18.890	6.7906
A&G Expenses		1.8452
<b>Total O&amp;M Expenses</b>	<b>18.890</b>	<b>19.9464</b>
Depreciation	2.0800	3.1061
<b>Interest &amp; Financing Charges:</b>		
Interest on Capital Loan	0.3830	0.0266
Interest on Working Capital	2.9300	2.9321
Interest on Consumer Deposit	0.7700	0.6678
Less: Expenses Capitalized	-1.5200	-0.8205
Other Debits/Ex. Items	0.0000	0.0000
Net Prior Period Credit	0.0000	0.0000
Return on Equity	0.0000	1.9062
Taxes	0.0000	0.0000
Regulatory Assets as per T.O.04.11.2020	0.3300	0.3300
Less: Other Income(excludes power sold to AEQUS SEZ in the approved amount as per APR)	-25.7200	-2.5911
LESS: Carry forward surplus as per APR of FY21	5.9370	0.0000
<b>Less: Penalty for excess distribution losses</b>	<b>0.0000</b>	<b>0.0000</b>
<b>ARR</b>	<b>173.60</b>	<b>245.9909</b>
<b>Gap in Revenue</b>	<b>0.000</b>	<b>-15.3715</b>

The Hukeri RECS has requested the Commission to approve the revised ARR of Rs.245.99 Crores as per the APR for FY23. The HRECS has projected a revenue deficit of Rs.15.37 Crores by considering revenue of Rs.230.62 Crores from the sale of power to its consumers for FY23.

## 2.2 Hukeri RECS Financial Performance as per Audited Accounts:

An overview of the financial performance of HRECS for FY23, as per its Audited Accounts, is indicated in the following Table:

**TABLE – 2.2**  
**Financial Performance of Hukeri RECS for FY23**

Amount Rs.in Crores		
Sl. No.	Particulars	Amount in Rs. Crores
	<b>INCOME</b>	
1	Revenue from operations	231.87
2	Other Income	42.89
3	<b>Total Revenue (I + II)</b>	274.76
	<b>Expenses</b>	
4	Power Purchase (included Interest)	251.96
5	Employee Cost	10.49
6	Finance Cost	0.69
7	Depreciation & amortization expenses	3.1061
8	Depreciation & amortization expenses	8.64
9	<b>Total expenses</b>	274.89
10	<b>Profit/(Loss)</b>	<b>(12.44)</b>

As per the Audited Accounts, Hukeri RECS has incurred revenue loss of **Rs.12.44 Crores for FY23.**

The Commission, as per the provisions of MYT Regulations, has undertaken the Annual Performance Review for FY23, by considering the actual revenue and expenditure as per the audited accounts vis-à-vis the revenue and expenditure approved by the Commission, in its Tariff Order dated 4<sup>th</sup> April, 2022, and the data furnished by HRECS in its application and replies furnished to the preliminary observations. The item-wise review of the revenue and expenditure and the decision of the Commission thereon are discussed in the following paragraphs:

### 2.2.1 Capital Expenditure - APR for FY23:

HRECS, in its filing has indicated capital expenditure of Rs.8.45 Crores as against the Commission's MYT Order 2022, approved capex of Rs.8.00 Crores for FY23. After considering the other expenses capitalized, the total cost of capex incurred works out to Rs.9.26 Crores.

In view of the above, the Commission in its preliminary observations had directed HRECS to justify the reasons for exceeding the approved capex by Rs.1.26 Crores.

HRECS, in its reply to the preliminary observations of the Commission has furnished the breakup details of capex incurred during FY23, are as under:

**TABLE – 2.3**  
**Capital expenditure of the HRECS for FY23**

Sl. No	Particulars	Amount in Rs. Crores
1	Flood Relief Works	0.02
2	Akram Sakram Works	0.01
3	SCP/TSP Works	0.07
4	Ganga Kalyane Yojane	0.07
5	Improvement Works	5.32
6	DC works	0.57
7	Service Connections	2.39
8	Interest capitalized	0.81
<b>Total</b>		<b>9.26</b>

#### The Commission Analysis and Decision:

The Commission notes that HRECS has not furnished satisfactory reasons for exceeding the approved capex. HRECS has not indicated nomenclature of works carried out under different heads. Hence, the Commission is unable to comprehend the details of works carried out by HRECS during FY23. It shows that HRECS has not maintained the details properly.

The capital expenditure of Rs.11.90 Crores incurred relates to 368 nos. of spillover works and Rs.7.26 Crores is pertaining to 4106 nos. of new works. This shows that HRECS is carrying out works pertaining to the previous years.

Further, the Commission directs HRECS to incur the capex within the approved capex, including the capitalization of the interest and finance charges in future.

The Commission had considered Rs.5.00 Crores as capital borrowings for FY23, based on the projections made by HRECS, while approving the capex of Rs.8 Crores. Whereas, HRECS has not borrowed any new loans to meet the capex during FY23. It appears that HRECS has diverted its revenue to meet the capex, resulting in increase in power purchase payable amount to HESCOM, year on year. As on 31.03.2023 the outstanding balance payable to HESCOM is of Rs.296.01 Crores, as per current liabilities submitted in the filing. This act of HRECS is not appreciable. In view of this, HRECS is directed incur the capex as per directions issued in the relevant Tariff Orders, without fail. Otherwise, the Commission would be constrained to take appropriate action for diverting revenue to meet its capex, if the same is repeated in future.

### 2.2.2 Sales APR for FY23:

#### (i) Sales for FY23- Other than IP sets:

The category-wise sales approved by the Commission in its Tariff Order, 2022 and the actuals as per D-2 Format / audited accounts as per the current tariff filing is as indicated below:

Installations	FY-23 as approved in TO 2022 Lakh Units	FY23 HRECS Actual as per Audited Accounts Lakh Units	FY23 Actual-approved Lakh Units
BJ/KJ less than or equal to 40 units	40.30	40.05	-0.25
BJ/KJ -more than 40 units	3.00	3.05	0.05
Domestic (All Electric home & domestic lighting)	316.39	315.05	-1.34
Private professional institutions	1.33	2.08	0.75



Commercial and Non residential	85.57	97.78	12.21
Irrigation pump sets (LT4a+LT4b+LT4c)	1763.35	2168.18	404.83
LT Industry	62.41	61.00	-1.41
Public water supply	60.05	51.97	-8.08
Public lighting	24.17	28.32	4.15
Temporary supply	3.84	2.70	-1.14
<b>LT TOTAL</b>	<b>2360.41</b>	<b>2770.17</b>	<b>409.76</b>
HT - 1 Public Water Supply	111.84	76.22	-35.62
HT - 2(a) Industrial Non-commercial and Non industrial including railways	110.60	94.88	-15.72
HT 2(b) Commercial	2.67	1.21	-1.46
HT2c	3.08	5.08	2.00
HT 3 Irrigation & Agricultural farms, list includes societies etc.	75.39	46.84	-28.55
HT 5 Temporary	0.98	13.89	12.91
<b>HT Total</b>	<b>304.55</b>	<b>238.12</b>	<b>-66.44</b>
<b>Total (LT + HT)</b>	<b>2664.96</b>	<b>3008.28</b>	<b>343.32</b>

The Commission had observed that, the decrease in sales is mainly in HT1, HT2(a) and HT-3 categories and directed HRECS to analyze the reasons for the decrease in sales to the above categories.

In response, HRECS has submitted that there was reduction in consumption in one installation each in HT1, HT2a and HT3 categories.

The Commission had also observed that the increase in Sales is mainly attributable to the IP set consumption under LT4(a) category, which is discussed in the subsequent paragraph of this chapter.

## (ii) Sales-IP Sets for FY23:

The details of the no of installations and sales approved by the Commission and the actuals for FY23 for the HERC is indicated in the table below:

Particular	As approved by the Commission		As submitted by the HRECS	
	No of Installations	Sales in MU	No of Installations	Sales in MU
HRECS	32,443	176.212	32,824	216.73

The HRECS in its replies to the observations made by the Commission, has submitted that, the number of IP installations during FY23 and in the last 3 years have drastically increased and the Minor irrigation department has taken up lift irrigation schemes for filling 22 nos. of ponds/lakes in Hukkeri Taluka, also due to heavy rainfall, the water level has increased and irrigated land also increased attributing for the increase in the sales.

Hence, for the purpose of APR for FY23, the Commission decides to allow the consumption as claimed by the HRECS in its tariff filing with the following details:

Particular	Approved sales of IP sets for FY23	
	No of Installations LT4a	Sales in MU
HRECS	32,824	216.73

The details of the no of installations and sales approved by the Commission and the actuals for FY23 for the HRECS is indicated in the table below:

Particular	As approved by the Commission		As submitted by the HRECS	
	No of Installations	Sales in MU	No of Installations	Sales in MU
HRECS	32,443	176.212	32,824	216.73

The HRECS in its replies to the observations made by the Commission, has submitted that, the number of IP installations during FY23 and in the last 3 years have drastically increased and the Minor irrigation department has taken up lift irrigation schemes for filling 22 nos. of ponds/lakes in Hukkeri Taluka, also due to heavy rainfall, the water level has increased and irrigated land also increased attributing for the increase in the sales.

Hence, for the purpose of APR for FY23, the Commission decides to allow the consumption as claimed by the HRECS in its tariff filing with the following details:

Particular	Approved sales of IP sets for FY23	
	No of Installations LT4a	Sales in MU
HRECS	32,824	216.73

The Commission, after taking note of the replies furnished by HRECS on the preliminary observations on energy sales and based on the audited accounts and the discussions made in the previous paragraphs, approves the sales for FY23, as indicated in the following Table:

**TABLE – 2.4**  
**Approved Sales of HRECS for FY 23 as per APR**

Installations	FY23 HRECS Actual as per Audited Accounts MU
BJ/KJ less than or equal to 40 units	4.005
BJ/KJ -more than 40 units	0.305
Domestic (All Electric home & domestic lighting)	31.505
Private professional institutions	0.208
Commercial and Non residential	9.778
Irrigation pump sets (LT4a+LT4b+LT4c)	216.818
LT Industry	6.100
Public water supply	5.197
Public lighting	2.832
Temporary supply	0.270
<b>LT TOTAL</b>	<b>277.017</b>
HT - 1 Public Water Supply	7.622
HT - 2(a) Industrial Non-commercial and Non industrial including railways	9.488
HT 2(b) Commercial	0.121
HT2c	0.508
HT 3 Irrigation & Agricultural farms, list includes societies etc.	4.684
HT 5 Temporary	1.389
<b>HT Total</b>	<b>23.812</b>
<b>Total (LT + HT)</b>	<b>300.828</b>
<b>Total sales including Sales to AEQUUS SEZ</b>	<b>328.015</b>

NOTE: Total Sales excludes sales to AEQUUS

### 2.2.3 Distribution Losses for FY23:

HRECS, in its APR filing for FY23 has indicated the actual distribution loss of 14.19% against the target loss of 13.50% by including energy supplied to AEQUS SEZ for FY23. The computation of distribution losses for FY23 as submitted by HRECS is as under:

**TABLE – 2.5**  
**Distribution loss – Hukeri REC's submission**  
(in %)

Particulars	Actuals
Energy at interface point in MU	382.24
Sales in MU	328.015
Distribution losses in %	14.19%

### Commission Analysis and Decision:

The Commission, in its tariff Order 2022 has approved the distribution losses for FY23 as under:

**(Figures in Percentage)**

Particulars	FY23
Upper limit	14.00%
Average Limit	13.75%
Lower Limit	13.50%

The Commission notes that, the energy at IF points and sales quantum of HRECS included the energy supplied to AEQUS SEZ and considered for computation of distribution losses for FY23. Thus, considering the distribution losses achieved by HRECS, the Commission decides to consider and approve the actual distribution losses at 14.19% for FY23, since the actual distribution loss for FY23 at 14.19% is above the upper limit of the approved target loss of 14.00%. In terms of the MYT Regulations, the Commission decides to impose the penalty of Rs.0.5121 Crores for non-achievement of approved loss target, to the extent of 0.19% as computed below:

Particulars	FY23
Actual input at IF points as per audited accounts in MU	382.240
Retail sale in MU	328.015
Percentage distribution losses (Actual)	14.19%

Target Upper limit of distribution loss	14.00%
Target distribution loss	13.75%
Target lower limit of distribution loss	13.50%
Increase in percentage loss to the upper target	0.19%
Input energy at target loss for actual sales in MU	381.413
Increase in input due to increase in distribution losses in MU	0.827
Average cost of power purchase Rs. per Unit	6.1885
Penalty for increase in power purchase cost due to increase in losses in crores	0.512

#### 2.2.4 Power Purchase for FY23:

The Commission has taken note of the power purchase quantum and cost as filed by HRECS and as per the audited accounts for FY23. The Commission has also taken note of the replies furnished by the HRECS on the preliminary observations.

The Commission has considered the power purchase quantum of 382.24 MU for FY23 for HRECS.

The Commission has approved the APR for HESCOM for FY23 as per which the approved power purchase cost is Rs.5.93618 per unit. By considering the average power purchase cost of HESCOM along with trading margin of 5 paise per unit, the average power purchase cost to HRECS works out to Rs.5.9862 per unit at generating bus (Rs.6.188 per unit at IF Point). Based on this average cost of power purchase, the allowable cost of power purchase payable to HESCOM for FY23 works out to Rs.236.5293 Crores.

**Thus, the Commission decides to approve the Power Purchase cost of Rs.236.5293 Crores for FY23.**

#### 2.2.5 RPO Compliance for FY23

The Commission notes that during FY23, HRECS has purchased the entire electricity from HESCOM. Since, HESCOM has met the RPO for FY23, as per the extant Regulations, the Commission holds that HRECS has also met its RPO for FY23.

### 2.2.6 O & M Expenses:

As per the audited accounts, HRECS in its application, has submitted the break up details for having incurred Rs.19.9464 Crores as against Rs.18.89 Crores approved by the Commission in its Tariff Order 2022 dated 4<sup>th</sup> April, 2022, towards O&M expenses for FY23 as under:

**TABLE – 2.6**  
**O & M Expenses – Hukeri REC's submission**

Amount in Rs. Crores	
Particulars	FY23
Employees cost	11.3106
Repair and Maintenance	6.7906
A&G Expenses	1.8452
<b>Total O &amp; M Expenses</b>	<b>19.9464</b>

### Commission Analysis and Decisions:

The Commission, in its preliminary observation has observed that HRECS, in its APR filing has indicated failure rate of DTCs as 29.26% during FY23 and 17.55% during the 6 months' period during FY23. The Commission noted that the failure of DTCs in HRECS compact area of distribution is on the higher side. Accordingly, HRECS was directed to analyze and submit the reasons for failure of number of DTCs and action proposed to be taken to reduce the failure of DTCs in its area of operation.

HRECS has furnished the replies to the preliminary observation of the Commission which has been appropriately considered by the Commission.

The Commission, in its Tariff Order dated 4<sup>th</sup> April, 2022, had approved the O&M expenses of Rs.18.89 Crores for FY23 as detailed below:

TABLE - 2.7

## Approved O&amp;M expenses for FY23

Amount in Rs. Crores	
Particulars	FY23
No. of Installations	149176
CGI based on 3 Year CAGR	5.21%
Inflation index	6.9602%
Base O&M costs (O&M cost of FY21)	
O&M Index= O&M (t1)*(1+WII+CGI-X)	18.89
<b>Approved O&amp;M Expenses</b>	<b>18.89</b>

The HRECS has submitted that the normative O&M expenses for FY23 works out to Rs.19.50 Crores. The actual audited O&M expenses for FY23 are Rs.19.95 Crores. There is an increase of Rs.0.45 Crores compared to normative O&M. HRECS has requested for allowing the actual O&M expenses incurred, in its APR application for FY23.

The Commission has taken note of various expenses booked towards O&M expenses under different head of accounts, as per the audited accounts of HRECS. The Commission, in accordance with the methodology adopted while approving the ARR for FY23 and subsequent APR, proceeds with the determination of the normative O&M expenses based on the 12-year data of WPI and CPI and 3 years CAGR of consumers. The Commission, while computing allowable inflation for FY23 has considered the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labour Bureau, Government of India and adopted the methodology followed by the CERC, with CPI and WPI in a ratio of 80: 20 and also the provisions of MYT Regulations. The allowable inflation for FY23 is tabulated below:

TABLE - 2.8  
Allowable Inflation for FY23

Year	WPI	CPI	Composite Series	Yt/Y1=Rt	Ln Rt	Year (t-1)	Product [(t-1)* (LnRt)]
2011	98.2	66.5	72.84				
2012	105.7	72.7	79.3	1.09	0.08	1	0.08
2013	111.1	80.6	86.7	1.19	0.17	2	0.35
2014	114.8	85.7	91.52	1.26	0.23	3	0.68

2015	110.3	90.8	94.7	1.30	0.26	4	1.05
2016	110.3	95.3	98.3	1.35	0.30	5	1.50
2017	114.1	97.6	100.9	1.39	0.33	6	1.96
2018	118.9	102.4	105.7	1.45	0.37	7	2.61
2019	121.2	110.2	112.4	1.54	0.43	8	3.47
2020	121.8	116.3	117.4	1.61	0.48	9	4.30
2021	135.0	122.0	124.6	1.71	0.54	10	5.37
2022	151.3	129.2	133.62	1.83	0.61	11	6.67
A= Sum of the product column							28.04
B= 6 Times of A							168.22
C= $(n-1)*n*(2n-1)$ where n= No of years of data=12							3036.00
D=B/C							0.06
g(Exponential factor)= Exponential (D)-1							0.0570
e=Annual Escalation Rate (%)=g*100							<b>5.6973%</b>
<b>As per CERC Notification No. Eco T I / 2022-CERC dated 30.03.2022 with weightage of 80% on CPI and 20% on WPI</b>							

While determining the normative O & M expenses for FY23, the Commission has considered the following aspects:

- The actual O & M expenses as per the audited accounts for FY22, as the base year O&M expenses in determination of normative O & M expenses for FY23.
- The three-year compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per the audited accounts up to FY23 at 5.21%.
- The weighted inflation index (WII) at 5.6973 % as computed above.
- Efficiency factor at 0.5% as considered in the earlier two control periods.

Thus, the allowable normative O&M expenses for FY23 are as follows:

**TABLE - 2.9**  
**Allowable O & M expenses for FY23**  
Amount in Rs. Crores

Particulars	FY23
No. of Installations	142903
CGI based on 3 Year CAGR	3.72%
Inflation index in %	5.6973%
Base Year O&M Cost (as per actuals of FY22)	17.8245
Actual as per Audited accounts for the relevant financial year	19.95
<b>O&amp;M Expenses for FY23 (O&amp;M index = <math>O\&amp;M(t-1) \times (1+WII+CGI-X)</math>)</b>	<b>19.4136</b>
<b>Allowable O&amp;M Expenses for FY23</b>	<b>19.4136</b>



The Commission notes that, as per the MYT norms the normative allowable O&M expenses is Rs.19.4136 Crores for FY23, and the Commission decides to allow the O&M expenditure as per the MYT norms amounting to Rs.19.4136 Crores for FY23.

**Thus, the Commission decides to allow the normative O&M expenses of Rs.19.4136 Crores as O&M expenses for FY23.**

## 2.2.7 Depreciation

The HRECS, in its Petition, has claimed an amount of Rs.3.1061 Crores, towards depreciation, after deducting the depreciation on assets created out of consumers' contribution/grants as against Rs.2.08 Crores approved by the Commission for FY23 as under:

**TABLE – 2.10**  
**Depreciation for FY23 – HRECS Proposal**  
Amount in Rs. Crores

Particulars	FY23
Building and Structures	0.0113
Civil	0.0136
Other Civil	0.0001
Plant & Machinery	1.651
Line, Cable Network including Plant / Machinery	3.176
Vehicles	0.0185
Furniture	0.006
Office Equipment	0.0554
<b>Total</b>	<b>4.9319</b>
Less: Depreciation on Contribution	-1.8258
<b>Net Depreciation</b>	<b>3.1061</b>

### Commission's Analysis and Decisions:

The Commission notes the portfolios of fixed assets and the depreciation charged thereon as per the audited accounts for FY23.

Accordingly, the asset-wise depreciation as approved by the Commission for FY23 is as follows:

**TABLE – 2.11**  
**Allowable Depreciation for FY23**

Amount in Rs. Crores	
Particulars	Depreciation
Buildings	0.0113
Civil	0.0136
Other Civil	0.0001
Plant & M/c	1.651
Line, Cable Network including plant/Machinery	3.176
Vehicles	0.0185
Furniture	0.006
Office Equipment	0.0554
<b>Total Gross Depreciation</b>	<b>4.9319</b>
<b>Less: Depreciation on Assets created out of Consumer Contribution / Grants</b>	<b>-1.8258</b>
<b>Net Depreciation</b>	<b>3.1061</b>

Thus, the Commission decides to allow a depreciation of Rs.3.1061 Crores for FY23.

## 2.2.8 Interest & Finance Charges

### i. Interest on Loan Capital:

The Hukeri RECS, in its application as per the audited accounts has claimed an amount of Rs.0.0266 Crores as interest and finance charges as against Rs.0.3830 Crores approved for FY23.

### Commission's Analysis and Decisions:

The Commission had observed that the HRECS in its Petition, has indicated Rs.0.0266 Crores as interest payable on loan availed for R.G.G.V.Y works at an interest rate of 11.75% for FY23.

The Commission has taken note of the opening and closing balances of capital loans as per the audited accounts for FY23 and the data in the Format D-9 of the filing, furnished by the HRECS. Accordingly, the weighted average interest rate works out to 9.76% for the interest amount of Rs.0.0266 Crores, considering the average long-term capital loan of Rs.0.2725 Crores for FY23 as worked out in the following Table:

TABLE – 2.12

## Allowable Interest on Loans – FY23

Particulars	Amount in Rs. Crores
	FY23
Total loan at the end of the year	0.3040
<b>Add:</b> New Loans borrowed	0.00
<b>Less:</b> Repayments	0.0631
Total loan at the end of the year	0.2409
Average Loan	0.2725
<b>Interest Rate allowed - %</b>	<b>9.76%</b>
<b>Allowable Net Interest</b>	<b>0.0266</b>

The Commission observes that the weighted average interest rate allowed works out to 9.76%. **Thus, the Commission decides to allow an interest expense of Rs.0.0266 Crores on capital loans for FY23.**

## ii. Interest on working Capital:

The HRECS, in its application, has claimed interest of working capital of Rs.2.9321 Crores, as against Rs.2.93 Crores approved by the Commission in its Tariff Order 2022 dated 4<sup>th</sup> April 2022, for FY23.

HRECS has submitted that the normative interest on working capital and other savings made by the society may be allowed to be retained by the society, as a reward for the efficiency, as provided under the MYT Regulations.

## Commission's Analysis and Decisions:

The Commission notes that HRECS, as per the audited accounts, has not incurred any amount towards interest on working capital. Thus, for arriving at normative interest on working capital, the Commission, as per the norms specified under the MYT Regulations, has considered the MCLR of one year plus 250 basis points which works out to 9.50%. Thus, the allowable interest on working capital, by considering the interest rate of 9.50% per annum is worked out as under:

TABLE – 2.13

**Allowable Interest on Working Capital for FY23**

Amount in Rs. Crores	
Particulars	FY23
One-twelfth of the amount of O&M Exp.	1.62
Stores, materials and supplies 1% of Opening balance of GFA	1.36
One-sixth of the Revenue	38.65
Total Working Capital	41.62
Rate of Interest (% p.a.) (7.00% + 2.50% - 9.50%)	9.50%
<b>Normative Interest on Working Capital</b>	<b>3.9539</b>
Actual WC as per accts	0.00
<b>Allowable interest on working capital (actual plus 50% of difference between actual and normative interest on WC)</b>	<b>1.9770</b>

Thus, the Commission decides to allow an amount of Rs.1.9770 Crores towards normative interest on working capital for FY23.

**iii. Interest on Consumers' Security Deposit:**

The Hukeri RECS, as per the audited accounts has claimed an amount of Rs.0.6678 Crores as against Rs.0.7700 Crore, approved by the Commission towards Interest on consumer security deposits for FY23.

**Commission's Analysis and Decisions:**

The Commission, taking note of the opening and closing balance of consumers' security deposits, as per the audited accounts for FY23, has computed the Interest on consumers' security deposits in accordance with the KERC Regulations. In terms of the KERC (Interest on Security Deposit) Regulations, 2005, the interest on consumer security deposits shall be allowed as per the Bank Rate prevailing on the 1<sup>st</sup> day of April of the financial year, for which the interest is due. The bank rate as on 1<sup>st</sup> April 2022 was 4.25%. Based on the actual opening and closing balance of consumer security deposit and the actual interest on consumers' security deposit amount of Rs.0.6678 Crores, the interest rate on consumer's security deposit works out to 3.4074% which is well within the allowable rate.

Thus, the Commission decides to allow an amount of Rs.0.6678 Crores towards interest on consumers' security deposits for FY23.

The abstract of the approved Interest and Finance charges is as tabulated below:

**TABLE – 2.14**  
**Abstract of Interest & Finance Charges for FY23**

Amount in Rs. Crores	
Particulars	FY23
Interest on Capital Loan	0.0266
Interest on Working Capital Loan	1.9770
Interest on Consumers' Security Deposit	0.6678
<b>Total</b>	<b>2.6714</b>

### 2.2.9 Capitalization of Expenses:

HRECS in its application as per the audited accounts has claimed an amount of Rs.0.8205 Crores as against Rs.1.5200 Crores as approved by the Commission towards capitalization of employee cost on the capital works for FY23.

The Commission, in accordance with the filing and clarification given by HRECS, has decided to allow the actual capitalized expenses of Rs.0.8205 Cores as per audited accounts for FY23.

### 2.2.10 Return on Equity:

The Hukeri REC Society has claimed Rs.1.9062 Crores towards RoE for FY23.

### Commission's Analysis and Decisions:

The Commission notes that, as per the Audited Accounts, the HRECS has the negative equity of Rs.146.4372 Crores as at the beginning of FY23. The Commission, in accordance with the KERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 as amended, thereon, computes the allowable Return on Equity at 15.5% on equity plus accumulated profit / losses as at the beginning of the year, besides allowing taxes as per actuals. Considering the status of opening balance of equity as per audited accounts for FY23, the allowable RoE is computed as follows:

**TABLE – 2.15**  
**Approved RoE for FY23**

Amount in Rs. Crores	
Particulars	FY23
Opening Balance of Paid Up Share Capital	9.4645
Opening Balance of Share Deposit	0
Opening Balance Accumulated loss	-155.9018
<b>Opening Balance of Total Equity</b>	<b>-146.4372</b>
<b>Allowable RoE</b>	<b>0.00</b>

The Commission notes that, the HRECS has a negative opening balance of net worth of Rs.146.4372 Crores for FY23 and hence as per the provisions of MYT Regulations, HRECS is not entitled to any RoE for FY23. Further, as per the audited accounts, the HRECS has not paid any Income Tax for FY23. Thus, the Commission has not allowed any RoE and Income Tax for FY23.

#### **2.2.11 Other Debits/ Extraordinary Items:**

HRECS in its Petition, has not claimed any expenses towards extraordinary items for FY23.

**As such, the Commission decides not to allow any expenses towards extraordinary items, for the purpose of APR for FY23.**

#### **2.2.12 Carrying Cost on Regulatory Assets for FY23:**

HRECS has claimed Rs.0.3300 Crores towards Regulatory Assets for FY23.

#### **Commission's Analysis and Decisions:**

The Commission, due to unprecedented circumstances, had issued the Tariff Order, 2020 on 4<sup>th</sup> November 2020, which was made effective from 1st November, 2020. Due to total lockdown declared by the GoI/GoK on account of Covid-19 Pandemic, pendency of Appeal No. 97 of 2020 filed by KPTCL before the Hon'ble Tribunal against the Commission's Order dated 16.01.2020 and the disposal of the Appeal on 05.10.2020 and the applicability of the Code of Conduct on account of announcement of bye-election to the Assembly

Constituencies, the Tariff Order could not be issued on time. While issuing the Tariff Order, to reduce the tariff burden on the end consumers, particularly during the adverse financial situation due to the setback of economic activities during the lockdown period, the Commission decided to give effect of the revision in Retail Supply Tariff with effect from 1st November, 2020 which has resulted in recovery of additional revenue only for a period of 5 months during FY21. The Commission created Regulatory Asset of Rs.0.33 Crores to be recovered in two instalments during FY22 and FY23 and had also decided to allow carrying cost @10% p.a subject to actual as per the annual accounts. Accordingly, HRECS is eligible to get only the carrying cost on the Regulatory Asset of Rs.0.33 Crores at 10% per annum which works out to Rs.0.0332 Crores for FY23.

**Thus, the Commission decides to allow Rs.0.03325 Crores towards carrying cost on the Regulatory Asset for FY23.**

#### **2.2.13 Other Income:**

The Hukeri RECS, in its Petition, has claimed an amount of Rs.2.5911 Crores as against Rs.25.7200 Crores (including revenue from sale of power to AEQUS SEZ) approved by the Commission, as Other Income for FY23. This amount includes major income of Rs.2.5372 Crores from interest on bank deposits. The other income also included misc. receipts from trading, rent from staff quarters, commission for collection of electricity duty and sale of scrap. HRECS has claimed the revenue from sale of power to AEQUS SEZ under revenue head as per audited accounts for FY23.

The Commission as per the audited accounts has reckoned Rs.2.5911 Crores as the other income earned by Hukeri RECS for FY23. Further, as per audited accounts, the difference in power purchase cost of Rs.1.414 Crores to be collected from the AEQUS SEZ, consequent to the revision of power purchase cost for FY23 cost is also considered as other income.

**Thus, the Commission decides to allow Rs.4.0051 Cores towards other income of HRECS for FY23.**

#### 2.2.14 Revenue Demand for FY23

The HRECS, in its Petition, has indicated the total revenue as Rs.230.6194 Crores for FY23. This amount consists of Rs.91.5408 Crores, as revenue from sale of power and miscellaneous charges from other than BJ/KJ and IP sets consumers and Rs.2.9006 Crores and Rs.136.1780 Crores as tariff subsidy towards BJ/KJ and IP sets installations for FY23 as against the Commission approved total revenue of Rs.173.60 Crores for FY23.

#### **Commission's Analysis and Decisions:**

The Commission notes that, as per the audited accounts for FY23, the total revenue from sale of power to consumers and miscellaneous charges is Rs.231.872 Crores by including tariff subsidy of Rs.139.0786 Crores on the supply of 2328.015 MU power to IP sets and BJ/KJ and other installations for FY23.

**Thus, the Commission decides to consider the total amount of revenue from sale of power and miscellaneous charges of Rs.231.8720 Crores for FY23.**

#### 2.2.15 Subsidy for FY23:

HRECS has claimed an amount of Rs.2.9006 Crores and Rs.136.1780 Crores as against the Commission approved figures of Rs.2.625 Crores and Rs.103.965 Crores towards the sale of power to BJ/KJ installations and IP set installations respectively, for FY23. The Commission, in accordance with the prevailing Policy of the Government of Karnataka, in the matter of free power supply to BJ/KJ installations and IP set installations of 10 HP & below has been approving the subsidy to be received by HRECS towards the sale of power to the IP sets and BJ/KJ installations.

Thus, the Commission, while computing the revised ARR as per APR for FY23, has considered tariff subsidy of Rs.2.9006 Crores and Rs.136.178 Crores towards the sale of power to BJ/KJ installations and IP set installations respectively, to be received from the Government for FY23.



Thus, the Commission decides to approve the total tariff subsidy of Rs.139.0786 Crores for FY23.

### 2.3 Abstract of Allowable ARR for FY23:

The Abstract of the allowable consolidated Annual Revenue Requirement for FY23 is as follows:

**TABLE - 2.16**  
**Approved revised ARR as per the APR for FY23**

Sl. No.	Particulars	Amount in Rs. Crores		
		As Approved as per T.O 04.04.2022	As per filing	As per APR
1	Power Purchase at generating bus in MU (Including AEQUS SEZ)	349.282		
2	Energy @ IF Point in MU (Including AEQUS SEZ)	335.951	382.24	382.240
3	Sales to Other than IP & BJ/KJ in MU	86.250	107.28	107.282
4	Sales to BJ/KJ in MU	4.030	4.005	4.005
5	Sales to IP in MU	176.210	216.7283	216.728
<b>6</b>	<b>Total Sales in MU</b>	<b>266.49</b>	<b>328.015</b>	<b>328.015</b>
7	Distribution Loss in %	13.50%	14.19%	14.19%
	<b>Revenue:</b>			
8	Revenue from other than IP & BJ/KJ	67.008	91.5408	92.7933
9	Subsidy to BJ/KJ	2.625	2.9006	2.9006
10	Subsidy to IP	103.965	136.1780	136.1780
<b>11</b>	<b>Total Revenue</b>	<b>173.60</b>	<b>230.6194</b>	<b>231.8720</b>
	<b>Expenditure:</b>			
12	Power Purchase Cost inclusive of transmission and SLDC Charges	181.400	220.4873	236.5293
13	Employee Expenses	18.890	11.3106	19.4136
14	R&M Expenses		6.7906	
15	A&G Expenses		1.8452	
	<b>Total O&amp;M charges</b>	<b>18.890</b>	<b>19.9464</b>	<b>19.4136</b>
16	Depreciation	2.0800	3.1061	3.1061
	<b>Interest &amp; Financing Charges:</b>			
17	Interest on Capital Loan	0.3830	0.0266	0.0266
18	Interest on Working Capital	2.9300	2.9321	1.9770
19	Interest on Consumer Deposit	0.7700	0.6678	0.6678
20	(Less) Expenses Capitalized	-1.5200	-0.8205	-0.8205
21	Other Debits/Extraordinary items	0.0000	0.0000	0.0000
22	Net Prior Period Credit	0.0000	0.0000	0.0000

Sl. No.	Particulars	As Approved as per T.O 04.04.2022	As per filing	As per APR
23	RoE	0.0000	1.9062	0.0000
24	Taxes	0.0000	0.0000	0.0000
25	Regulatory Assets as per T.O. 04.11.2020 / Carrying Cost	0.3300	0.3300	0.03325
26	<b>Less:</b> Other Income (excludes power sold to AEQUS SEZ in the approved amount as per APR)	-25.7200	-2.5911	-4.0051
27	LESS: Carry forward surplus as per APR of FY20	5.9370	0.0000	0.0000
28	Less: Penalty for excess distribution losses	0.0000	0.0000	-0.5121
<b>29</b>	<b>ARR</b>	<b>173.60</b>	<b>245.9909</b>	<b>256.4158</b>
<b>30</b>	<b>Surplus/-Deficit in Revenue</b>	<b>0.000</b>	<b>-15.3715</b>	<b>-24.5439</b>

## 2.4 Revenue Gap for FY23:

The Commission after the Annual Performance Review for FY23, decides to allow the revised ARR of Rs.256.4158 Crores as against the approved ARR of Rs.173.60 Crores for FY23. Thus, considering the revised revenue of Rs.231.8720 Crores and approved ARR of Rs.256.4158 Crores, a revenue deficit of Rs.24.5439 Crores is determined and approved for FY23.

**The Commission decides to carry forward the revenue deficit of Rs.24.5439 Crores of FY23 to the revised ARR for FY25, as discussed in the subsequent Chapter of this Order.**

## CHAPTER - 3

### ANNUAL REVENUE REQUIREMENT FOR FY25

#### 3.0 Annual Revenue Requirement for FY25:

Hukeri Rural Electric Co-operative Society (HRECS), in its application dated 28<sup>th</sup> November, 2023, has sought approval of revised ARR and retail supply tariff for FY25. The summary of the proposed revised ARR for FY25 is as follows:

**TABLE – 3.1**  
**Proposed ARR for FY25-HRECS's Submission**

Amount in Rs. Crores	
Particulars	As per filing for FY25
Power Purchase (MU) (Including AEQUS SEZ)	653.468
Transmission Loss in %	2.664%
Energy @ IF Point including AEQUS SEZ in MU	636.060
Sales to other than IP & BJ/KJ in MU	243.532
Sales to BJ/KJ in MU	2.158
Sales to IP in MU	300.559
<b>Total Sales</b>	<b>546.250</b>
Distribution Loss in %	14.12%
<b>Revenue from Sale of power and Miscellaneous charges:</b>	
Revenue from Sale to other than IP & BJ/KJ	206.37
Revenue from Sale to BJ/KJ	1.50
Revenue from Sale to IP	169.82
<b>Total Revenue</b>	<b>377.6887</b>
<b>Expenditure:</b>	
Power Purchase Cost	342.13
Employee Expenses	15.77
R&M Expenses	7.73
A&G Expenses	2.10
<b>Total O&amp;M Expenses</b>	<b>25.5943</b>
Depreciation	3.37
<b>Interest &amp; Financing Charges:</b>	
Interest on Loan Capital	0.3937
Interest on Working Capital	7.0264
Interest on Consumer Deposit	1.1686
<b>Less: Expenses Capitalized</b>	<b>-0.8264</b>
Other Debits/Extraordinary Items	0.00
RoE	2.1693
Taxes	0.00
<b>Less: Other Income including the receipts for sale of power to AEQUS SEZ</b>	<b>-2.5985</b>
<b>ARR</b>	<b>378.4287</b>
Deficit of FY23 carried forward	-15.37
<b>Total ARR</b>	<b>393.80</b>
<b>Gap in Revenue for FY25</b>	<b>-16.111</b>

HRECS has requested the Commission to approve the Annual Revenue Requirement of Rs.393.80 Crores for FY25 (including the carry forward gap in revenue of Rs.15.37 Crores for FY23). Considering the revenue realization of Rs.377.6887 Crores at the existing tariff, the overall gap in revenue for FY25 is projected at Rs.16.111 Crores. HRECS has claimed increase in retail supply tariff by 29.49 paise per unit, for all the category of consumers.

### **3.1 Annual Revenue Requirement for FY23 and FY24:**

As discussed in the preceding Chapter of this Order, the Commission, as per the provision of the MYT Regulations, has carried out the Annual Performance Review for FY23 based on the audited accounts furnished by the HRECS. Pursuant to the same, revenue deficit of Rs.24.5439 Crores shall have to be carried forward to the revised ARR of FY25.

Since the audited financial statements for the year FY24 are yet to be finalized and furnished by the HRECS, the Commission decides to take up the APR of FY24 during revision of ARR / Tariff for FY26.

#### **3.1.1 Capital expenditure of HRECS for FY25:**

##### **1. HRECS Proposal:**

HRECS, in its tariff filing of ARR for FY25, has submitted a revised Capex proposal of Rs.8.03 Crores, in line with the Commission's MYT Order 2022 approved and reckoned capex of Rs.8.00 Crores and in addition to this, capex of Rs.58.92 Crores has been proposed towards RDSS Scheme outside the ARR.

##### **Commission's Analysis and Decision:**

- a. The Commission, in its preliminary observations had directed HRECS to justify the proposal in terms of load growth, loss reduction, improvement in the system reliability etc., and also keeping in view the financial capability of HRECS to meet the debt servicing obligations and the tariff impact on the end consumers.

In reply, HRECS has submitted that proposal is to reduce HT:LT Ratio, transformer failures, distribution losses, power theft and segregating the loads in the feeders, awareness among the people on usage and conservation of energy etc. However, HRECS has not justified in terms of quantified parameters and not submitted impact of tariff on end consumers including to meet its debt servicing obligations.

b. In respect of proposed works under RDSS, since 3 years HRECS has not obtained the project approval, but continues to include the proposal outside the ARR, in the tariff filing. Without a valid approval/ Order from Government of India, the Commission will not consider any proposal of Rs.58.92 Crores under RDSS for FY25.

**c. Based on the reply furnished by HRECS, in respect of Capital Investment Plan for FY25, the Commission retains the approved capex of Rs.8.00 Crores for FY25 as approved in the MYT Order 2022. To avoid the front loading on interest on loan and depreciation on the assets, the Commission decides to consider Rs.4.50 Crores as Capex for the purpose of approval of revised ARR and retail supply tariff for FY25. The capital expenditure allowed is subject to prudence check to be taken up by the Commission. Considering HRECS's projected availability of capital grants from GoI / GoK, consumer contribution and internal resources by HRECS, for the execution of capex, the Commission considers Rs.3.15 Crores as the new capital loan borrowings for the purpose of ARR for FY25.**

**The approved capex for FY25, is subject to the following directions:**

1. HRECS shall follow the guidelines of capital expenditure and not to exceed the approved capex and carryout the capital works without seeking any additional capex as and when HRECS feels convenient.
2. If there is any excess expenditure in any head of expenditure, the same shall be met from the savings in any other head of expenditure within the capex approved by the Commission. HRECS shall take a note that approved capex is including the interest and finance charges capitalized during the year.

3. The capex approved by the Commission to carry-out the Central / State scheme works shall not be re-appropriated to any other category of capital expenditure head.
4. If any HRECS incurs capex over and above the approved capex, same will not be passed on to the Consumers and also capital loans and interest on loans will be limited to approved amounts while determining the ARR of the respective year APR.
5. Monitor the physical progress as well as financial progress in respect of the works carried out under Capex ensuring adherence to set timelines of completion, cost to benefit ratio, etc.
6. Take concrete measures to complete and capitalize the works, which are pending since many years so that, the benefits envisaged are realized and passed on to the consumers effectively;
7. Identify the high loss Sections and prioritize its capex specifically to reduce the distribution loss, improve the reliability of the distribution system and improve the voltage regulations.
8. Prepare a detailed perspective plan by conducting 11 kV feeder-wise and DTC-wise load flow studies to ascertain the present and projected loads on the feeders and to arrive at least cost, techno-economically feasible improvement method for:
  - a. Reducing distribution losses.
  - b. Reducing the HT:LT Ratio.
  - c. Reduce Transformer failures.
  - d. Segregation the loads in the feeders.
  - e. Reduction in Power theft.
  - f. Bringing programs for the awareness among the people on usage and conservation of energy.
  - g. Improving the sales to metered category and improving the Power factor of the IP set loads by installing switched capacitors of suitable capacity to the secondary of the transformers.

### 3.1.2 Sales Forecast:

#### HRECS Sales for FY25:

1. HRECS, in its filing has estimated the number of installations as 147392 numbers and the energy sales as 528.19 MU for FY24. HRECS has adopted the following methodology for estimating the number of installations and energy sales for FY25:

(i) Number of installations:

HRECS has considered five-year CAGR in respect of LT2(b), LT3(a), LT4(c), LT6(a), LT7, HT2(a), HT2(c) categories and three-years CAGR for other categories excluding LT1, LT2(a), HT1 and HT5 categories. For LT2(a) previous year growth rate is considered. For HT1 and HT2b no growth is considered and for HT5, addition of one installation is considered. For LT1 category the installations as on 30.09.2023 is considered.

(ii) Energy Sales:

HRECS has considered 5-year CAGR in respect of LT2(a), LT2(b), LT5, LT6(b) and HT2(c) categories. For LT3(a) and HT1, 3-year CAGR is considered. For LT6(a) and HT3(a) categories, one-year growth is considered. For LT4(b) and LT4(c) categories, FY24 consumption is retained. For LT7, HT1, HT2b and HT5 no growth is considered. For HT2a estimates is made considering the request of KIADB for additional 10 MW of power for FY24 and 22 MW for FY25.

2. On the observations of the Commission on the estimation of number of installations and energy Sales, the replies furnished by HRECS and the Commission's Views thereon are discussed in following paragraphs:

- a. The Commission had observed that the growth rate is considered by HRECS is lower for LT2(a), HT2(c) and HT3 categories when compared to CAGR. HRECS may considered revising the growth rates for above categories.

HRECS has submitted that the installations are proposed based on ground realities and has requested the Commission to retain the proposal of HRECS

- b. The Commission had observed that the growth rate considered by HRECS is lower for, HT2(c) category and considerably higher for HT2(a) & LT6WS categories when compared to CAGR. HRECS may considered revising the growth rates for above categories.

HRECS has submitted that the installations are proposed based on ground realities and considering the additional load of KIADB.

- c. Sales to AEQUS: The energy sold to AEQUS by HRECS as per HRECS filing and as filed by AEQUS is indicated below:

Year	HRECS	Lakh units AEQUS
FY23	271.865	271.86
FY24	279.000	Not available
FY25	180.60	209.53

HRECS was directed to reconcile the data pertaining to AEQUS.

HRECS has submitted that the estimates for FY24 & FY25 have been made as per the communication of AEQUS dated 03.11.2023.

3. The Commission has noted the replies furnished by HRECS and the Commission's approach for estimating the number of installations and sales for the FY25 for categories excluding BJ/KJ and IP sets is discussed below:

#### 1) No. of Installations:

While estimating the number of installations (Excluding BJ/KJ and IP), the following approach is adopted:

- a. The base year number of installations for FY24 is retained as proposed by HRECS.



- b. Wherever the number of installations estimated by the HRECS for the FY25 is within the range of the estimates based on the CAGR for the period FY18 – FY23 and for the period FY20 – FY23, the estimates of the HRECS are retained.
- c. Wherever the number of installations estimated by the HRECS for the FY25 is lower than the estimates based on the CAGR for the period FY18 – FY23 and for the period FY20 – FY23, the estimates based on the lower of the CAGRs for the period FY18 – FY23 and for the period FY20 – FY23 are considered.
- d. Wherever the number of installations estimated by HRECS for the FY25 is higher than the estimates based on the CAGRs for the period FY18 – FY23 and for the period FY20 – FY23, the estimates based on the higher of the CAGRs for the period FY18 – FY23 and for the period FY20 – FY23 are considered.
- e. In respect of LT4b, LT4c, LT-7 and HT-5 categories, the estimates of HRECS are retained.

**Based on the above approach, the total number of installations (Excluding BJ/KJ consuming less than or equal to 40 units /month and IP set installations) estimated by the Commission for FY25 is as indicated below:**

Approved Number of installations	
FY25	
Filed	Approved
105972	100964

## 2) Energy Sales:

For categories other than BJ/KJ and IP sets, generally the sales are estimated considering the following approach:

- a. The base year sales for FY24, as estimated by HRECS, are validated duly considering the actual sales up to November, 2023 and modified suitably.

- b. Wherever the sales estimated by HRECS for the FY25 is within the range of the estimates based on the CAGR for the period FY18 – FY23 and for the period FY20 – FY23, the estimates of HRECS are retained.
- c. Wherever the sales estimated by HRECS for the FY25 is lower than the estimates based on the CAGRs for the period FY18 – FY23 and for the period FY20 – FY23, the estimate based on the lower of the CAGRs are considered.
- d. Wherever sales estimated by HRECS for the FY25 is higher than the estimates based on the CAGRs for the period FY18 – FY23 and for the period FY20 – FY23, the estimate based on the higher of the CAGRs are considered.
- e. In respect of LT4b, LT4c, LT-7 and HT5 categories, the sales estimate of HRECS is retained.
- f. For FY24 HRECS had estimated sales of 96.875 MU to HT-2a category, stating that additional load would add due to KIADB, which was approved by the Commission. However, as per the revised estimates of HRECS, HT-2a sales would be 40.391 MU, which is only 41.69% of approved sales for FY24, which would affect the revenues for FY24 and increase the revenue gap. Keeping in view the revised estimates of sales for HT2a category for FY24, the Commission has approved 75% of the estimates made by HRECS for HT2a category for FY25.

**Based on the above approach, the estimated sales (Excluding BJ/KJ consuming less than or equal to 40 units /month and IP sets) estimated by the Commission for FY25 is as indicated below:**

Approved Energy Sales in Million Units	
FY25	
Filed	Approved
225.472	186.316

Note: Excludes sales to AEQUIS

**3) Sales to BJ/KJ and IP Sets:****(i) Sales to BJ/ KJ:**

The break-up of sales to BJ/KJ installations as filed by HRECS for FY23 is as indicated in the following Table:

Particulars	No. of Installations	Consumption in MU	Specific consumption per installation per month (kWh)
Installations consuming less than or equal to 40 units	12124	40.05	27.52598
Installations consuming more than 40 units and billed under LT2(a)	330	3.05	77.00657

The Commission notes that, the specific consumption works out to 27.52598 units /installation/month for BJ/KJ installations consuming less than or equal to 40 units per month and 77.00657 units /installation/month for BJ/KJ installations consuming more than 40 units per month.

The Commission has retained the number of installations as on 31.03.2023, as there is no specific GoK policy/scheme. Considering the specific consumption as indicated above, the sales approved for FY25 is as indicated in the following Table:

Particulars	Million Units	
	FY25	
	No. of Installations	Sales-MU
Installations consuming less than or equal to 40 units	12124	40.05
Installations consuming more than 40 units and billed under LT2(a)	330	3.05

**(ii) Sales to IP sets – projections for ARR FY25:****1. Number of installations, Specific Consumption and sales for FY25-HRECS proposal:**

The HRECS, while furnishing the IP sets details, in the current tariff filing, has estimated the total number of installations, Specific Consumption and the total energy sales as indicated below:

Particular	No. of Installations	Mid-year Installation	Specific Consumption	Energy Sales - MU
HRECS	35,197	34,571	8,693.97	300.56

**2. Methodology adopted for estimating the number of installations, energy sales and the replies of HRECS:**

Particular	No. of Installations	Energy Sales
HRECS	The number of installations for LT4(a) is estimated based on three-years' CAGR	The specific consumption and the total sales for FY25 is estimated by considering actual consumption of previous 12 months IP Consumptions i.e. from November 2022 to October 2023.

**3. Number of installations and sales as approved by the Commission in Tariff Order 2022 and the HRECS's proposal for FY25:**

Particular	KERC approved in TO 2022 No. of Installations	HRECS proposal No. of Installations	KERC approved in TO 2022 Energy Sales - MU	HRECS proposal Energy Sales - MU
HRECS	34,443	35,197	187.245	300.56

**4. The Commission's approach for estimating the number of installations and energy sales for FY25:****No. of Installations:**

- i) The Commission has validated both the number of installations and energy sales to IP installations considering the actual no. as on 30<sup>th</sup> November, 2023

and has estimated the number of installations and sales for the remaining period of FY24, reasonably. Accordingly, the base year estimation has been revised which has an impact on the estimates on the number of installations and sales for FY25.

- ii) The number of installations estimated by the HRECS for the FY25 is within the range of the estimates based on the CAGR, the estimates of the HRECS are retained.

**Based on the above approach, the total number of IP installations estimated for the HRECS by the Commission for FY25 is indicated in the following table:**

Approved Number of IP installations	
FY25	
Filed	Approved
35,197	35,197

## 5) Energy Sales:

**While estimating the energy sales of IP sets for FY25, the following approach is generally adopted:**

- i) The sale projection of HRECS for FY25 is abnormal. The Commission has validated the base year sale for FY24 and has considered the Specific consumption of FY23 for the projection of FY25 sales.
- ii) Now, by computing the mid-year installations based on the number of installations estimated and the specific consumption, the details of energy sales projections to IP set consumers for FY25, are as indicated below:

**As approved by the Commission for FY25 (revised)**

Particular	No. of Installations	Mid-year Installation	Specific Consumption	Energy Sales - MU
HRECS	35,197	34,609.07	6,729.7	232.90

**Based on the above approach, the total Sales in MU of IP installations estimated for the HRECS by the Commission for FY25 is indicated in the table below:**

## Approved Sales in MU of IP installations

FY25	
Filed	Approved
300.56	232.90

Accordingly, The Commission approves the above energy sales to IP sets as against the HRECS projections for FY25. This approved IP set consumption for FY25 is with the expectation that the Government of Karnataka would release full subsidy to meet the revenue requirement on the approved quantum of sales to IP sets. However, if there is any variation/shortfall in the subsidy allocation by the GoK, the quantum of sales to IP sets of 10 HP and below shall be proportionately regulated. The HRECS shall either regulate the number of hours of power supply to exclusive agricultural feeders with reference to the subsidy allocation by the Government or to recover the CDT from the consumers.

Based on the above discussions, the category wise approved number of installations for FY25 vis-à-vis the estimates made by the HRECS is indicated below:

**TABLE - 3.2**  
Category wise approved number of installations

Tariff Category	Tariff Description	HRECS FY25	Nos. KERC FY25
LT-1 (a)	Bhagya Jyoti < =40 units	6223	12124
LT-1 (a)	Bhagya Jyoti>40	6231	330
LT-2a	Domestic AEH	88776	89699
LT-2b	Pvt. Institutions	97	97
LT-3	Commercial - Applicable to areas coming under VPs	6870	6870
LT-4 a, b & c	IP sets	35212	35212
LT-5	Lt Industries	2317	2287
LT-6	Water Supply	812	812
LT-6	Street Lights	650	650
LT-7	Temporary Power Supply	124	124
	<b>LT Total</b>	<b>147312</b>	<b>148205</b>
HT-1	HT Water Supply	11	11
HT-2 (a)	HT Industries	39	39
HT-2 (b)	HT Commercial	5	5
HT-2(c)	Hospital & Educational Institutions	7	7
HT-3(a) & (b)	HT Irrigation & LI Societies	15	15

HT-5	Temporary	3	3
<b>HT Total</b>		<b>80</b>	<b>80</b>
<b>Grand Total</b>		<b>147392</b>	<b>148285</b>
<b>Categories other than IP sets and BJ/KJ consuming less than or equal to 40 units/month./installation</b>		105972	100964
<b>IP sets and BJ/KJ consuming less than or equal to 40 units/ month./installation</b>		41420	47321

Further, the category wise approved sales for FY25 vis-à-vis the estimates made by the HRECS are indicated below:

**TABLE – 3.3**  
Category wise approved energy sales

Tariff Category	Tariff Description	HRECS FY25	Million Units
			KERC FY25
LT-1 (a)	Bhagya Jyoti < =40 units	2.158	4.005
LT-1 (a)	Bhagya Jyoti>40	3.99	0.305
LT-2a	Domestic AEH	34.628	34.628
LT-2b	Pvt. Institutions	0.242	0.242
LT-3	Commercial - Applicable to areas coming under VPs	11.823	11.823
LT-4 a,b,c	IP sets - Less than 10 HP - General	300.716	233.066
LT-5	LT Industries	6.252	6.252
LT-6	Water Supply	6.391	6.291
LT-6	Street Lights	3.344	3.344
LT-7	Temporary Power Supply	0.164	0.164
	<b>LT Total</b>	<b>369.708</b>	<b>300.120</b>
HT-1	HT Water Supply	8.228	8.23
HT-2 (a)	HT Industries	143.251	107.438
HT-2 (b)	HT Commercial	0.373	0.266
HT-2(c)		0.581	0.581
HT-3(a) & (b)	HT Irrigation & LI Societies	4.699	5.246
HT-5	Temporary	1.349	1.349
	<b>HT Total</b>	<b>158.48</b>	<b>123.11</b>
	<b>*Grand Total</b>	<b>528.188</b>	<b>423.235</b>
	<b>*Categories other than IP sets and BJ/KJ consuming less than or equal to 40 units/month./installation.</b>	<b>225.314</b>	<b>186.321</b>
	<b>IP sets and BJ/KJ consuming less than or equal to 40 units/ month./installation</b>	<b>302.874</b>	<b>236.914</b>

\*Excludes sales to AEQUIS

In addition to the above, sales at the interface point to AEQUS Ltd., is as approved in Tariff Order 2024 of AEQUS Ltd.

### 3.1.3 Distribution Losses for FY25:

HRECs in its filing has proposed to achieve distribution losses of 14.12% for FY25 considering the energy input of 636.060 MU at IF Points and sales of 546.250 MU.

The Commission has noted that, HRECS in its Petition, has requested for approval of higher distribution losses of 14.12% as against the loss target of 12.89% approved by the Commission for FY25 in MYT Tariff Order dated 04.04.2022. The Commission is of the opinion that as the HRECs is operating in a considerably smaller geographical area it can reduce the losses further downwards to achieve the targeted distribution loss at HRECS is therefore directed to initiate the process of energy accounting and energy auditing at distribution transformer level and at the feeder level for identification of high loss making pockets and to take suitable remedial action to reduce the current level of losses and submit an action plan in this regard, within three months from the date of this Order.

Hence, considering the capex made so far and proposed capex for FY25 and the distribution losses achieved by HRECs, the Commission decides to revise the distribution loss level target for FY25 as follows:

Particulars	FY25
Upper limit	13.75%
Average	13.50%
Lower limit	13.25%

### 3.1.4 Power Purchase:

Hukeri RECS in its filing has proposed to purchase 653.468 MU at its interface points from HESCOM at the cost of Rs. 342.13 Crores FY25.

As per the data furnished in Format D-19, the HRECS has indicated 587.528 MU and 65.94 MU being the energy to be received at interface points at 110/11kV and at 33/11 Kv respectively for FY25. Since, the supply at 33/11 kV is met by distribution system of HESCOM, the HRECS is required to bear the losses of handling the energy received at 33 kV. HESCOM in its application has projected



the distribution losses at 33 kV level at 2.1311% for FY25. The Commission has considered the same percentage on the estimated energy to be received at 33 kV to allow the energy at IF Points and power purchase to HRECS for FY25 are as follows:

**TABLE – 3.4****Allowable Energy at IF points and Power Purchase for FY25**

Particulars	FY25
Total Energy at IF of HRECS in MU by considering the energy loss at 33kV of HESCOM	490.7245
Approved Transmission Losses of KPTCL	2.664%
Approved power purchase for HRECS in MU	504.1552

The distribution losses at 33kV level are already accounted along with the distribution loss computation of the HESCOM. However, the energy loss estimated at 33kV level of HESCOM is considered to cater to the requirement of the HRECS only for the purpose of payment of power purchase charges.

Based on the weighted average cost of power supply inclusive of transmission charges as approved for the HESCOM for FY25, the Commission decides to allow power purchase cost of HRECS as under:

**TABLE – 3.5****Approved Power Purchase for FY25**

Particulars	FY25
Approved power purchase quantum in MU including AEQUS SEZ	504.1552
Approved rate of power purchase of HESCOM in Rs/Unit	5.6944
Trading margin in Re. per unit	0.050
Approved rate of power purchase from HESCOM in Rs. per Unit including trading margin	5.7444
Approved Power Purchase Cost in Rs. Crores	289.6094

Since, the cost of power purchase indicated above is inclusive of transmission charges, the Commission has not allowed transmission charges payable to KPTCL separately, as the energy supplied to the Hukeri RECS by the HESCOM is measured and billed at interface points of the Hukeri RECS, the HRECS shall pay the power purchase cost at Rs.5.90167 per unit, for the energy purchased at interface points for FY25.

### 3.1.5 O & M Expenses:

HRECS, in its application, has claimed Rs.25.5943 Crores as against Rs.22.840 Crores as approved by the Commission towards O&M expenses for FY25. Further, HRECS has considered WPI data as available from Ministry of Commerce & Industry, GoI and CPI data as available from Labour Bureau, GoI, from 2011 to 2022 in the ratio 80:20, for arriving at an inflation rate of 5.6974% for projecting the O&M expenses for FY25.

Further, HRECS has determined normative O&M expenses for FY25 based on the following assumptions:

- a) The actual O&M expenses incurred for FY23 as per audited accounts as the base year O&M expense adjusted with required increase;
- b) Three years' compounded annual growth rate (CAGR) of the number of installations considering the actual number of installations as per audited accounts up to FY23 and as projected for FY25.
- c) The weighted inflation index (WII) at 5.6974% as computed above.
- d) Efficiency factor at 0.50% as considered in the earlier Orders.

Accordingly, the normative O & M expenses projected for FY25 is as below:

**TABLE – 3.6**  
**O&M Expenses for FY25 –HRECS's Proposal**  
Amount in Rs.in Crores

Sl. No.	Particulars	FY25
1	No of installation	147393
2	CGI based on 3 year CAGR in %	1.58
3	Weighted Inflation Rate in %	5.70
4	Efficiency factor in %	0.50
5	Net growth rate in %	6.78
6	Base Year O&M Cost (as per actuals of FY23)	19.9464
7	<b>Expenses projected</b>	<b>22.6960</b>
8	Employees group gratuity	0.2048
9	Increased temporary employees cost	2.6935
10	<b>Expenses projected (as per actual)</b>	<b>25.5943</b>

HRECS has submitted that while projecting the O&M expenses for FY25, in addition to the normative O&M expenses, it has also considered the effect of increase in salary of temporary and contract employees of Rs.2.6935 Crores and gratuity of Rs.0.2048 Crores.

**Commission's Analysis and Decisions:**

The Commission as per the audited accounts notes the actual O&M expenses of Rs.17.8245 Crores incurred by HRECS for FY23.

The Commission in its preliminary observation, had observed that HRECS, has claimed Rs.2.5225 Crores and Rs.2.6935 Crores towards increase in salary of 241 number of temporary employees from April, 2023 onwards and regularization of 99 contract labour as temporary employees for FY24 and FY25 respectively. Further, HRECS has claimed Rs.1.6638 Crores towards employees group gratuity as per the Life Insurance Corporation letter dated 21.09.2023 as an additional employees cost for FY24 and FY25 respectively. Accordingly, HRECS was directed to submit the documents in support of its claims for increase in salary for FY24 and FY25.

As directed, HRECS in its reply to the preliminary observation, has submitted the Board Resolution, Office Order and Board Resolution for Gratuity payment, for information of the Commission.

The Commission, as per the provisions of MYT Regulations has computed the O&M expenses for FY25 duly considering the actual O&M expenses of FY23 as per the audited accounts (the latest available data as per the audited accounts), to arrive at the O & M expenses for FY25. Considering the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce & Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labour Bureau, Government of India and adopting the methodology followed by CERC with CPI and WPI in a ratio of 80:20, the allowable annual escalation inflation rate for FY25 is computed as follows:

**TABLE – 3.7**  
**Computation of Inflation Index for FY25**

Year	WPI	CPI	Composite Series	$Y_t/Y_{t-1}=R_t$	$\ln R_t$	Year (t-1)	Product $[(t-1)*(\ln R_t)]$
2011	98.2	66.5	72.84				
2012	105.7	72.7	79.3	1.09	0.08	1	0.08
2013	111.1	80.6	86.7	1.19	0.17	2	0.35
2014	114.8	85.7	91.52	1.26	0.23	3	0.68
2015	110.3	90.8	94.7	1.30	0.26	4	1.05
2016	110.3	95.3	98.3	1.35	0.30	5	1.50
2017	114.1	97.6	100.9	1.39	0.33	6	1.96
2018	118.9	102.4	105.7	1.45	0.37	7	2.61
2019	121.2	110.2	112.4	1.54	0.43	8	3.47
2020	121.8	116.3	117.4	1.61	0.48	9	4.30
2021	135.0	122.0	124.6	1.71	0.54	10	5.37
2022	151.3	129.2	133.62	1.83	0.61	11	6.67
A= Sum of the product column							28.04
B= 6 Times of A							168.22
C= (n-1)*n*(2n-1) where n= No of years of data=12							3036.00
D=B/C							0.06
g(Exponential factor)= Exponential (D)-1							0.0570
<b>e=Annual Escalation Rate (%)=g*100</b>							<b>5.6973</b>
As per CERC Notification No. Eco T I / 2023-CERC dated 06.04.2023 with weightage of 80% on CPI and 20% on WPI							

For the purpose of determining the normative O & M expenses for FY25, the Commission has considered the following:

- The actual O & M expenses incurred as per audited accounts for FY23 to arrive at the base year O & M expenses for FY25.
- The three year compounded annual growth rate (CAGR) of 1.79% of the number of installations considering the actual number of installations as per audited accounts upto FY22 and as projected by the Commission for FY25.
- The weighted inflation index (WII) at 5.6973% as computed above.
- Efficiency factor at 0.50% as considered in the earlier Tariff Orders.

The above said parameters are computed duly considering the same methodology as is being followed in the earlier tariff orders of the Commission.

Accordingly, the normative O & M expenses for FY25 are worked out in the following Table:

**TABLE – 3.8**  
**Approved O & M expenses for FY25**  
Amount in Rs. Crores

Particulars	FY25
No. of Installations	148285
CGI based on 3 Year CAGR in %	1.79%
Weighted Inflation Index in %	5.6973%
Base Year O&M Cost (FY23) Actuals as per audited accounts	17.8245
O&M Index= O&M (t-1)*(1+WII+CGI-X)	22.1338
<b>Allowable O&amp;M expenses</b>	<b>22.1338</b>

With regards to effect of increase in salary of temporary and contract employees and gratuity payment, the same will be considered appropriately once the expense is incurred by the licensee. Thus, the Commission decides to approve the normative O&M expenses of Rs.22.1338 Crores for FY25.

### 3.1.6 Depreciation:

HRECS in its filing, has claimed Rs.3.37 Crores towards depreciation for FY25 as against Rs.2.330 Crores approved by the Commission as per MYT Tariff Order dated 04.04.2022 as detailed below:

**TABLE- 3.9**  
**Depreciation for FY25 – HRECS Proposal**  
Amount in Rs. Crores

Particulars	FY25
Buildings	0.0113
Civil	0.0001
Plant & Machinery	0.7759
Line, Cable Network including plant/Machinery	4.6756
Vehicles	0.0183
Furniture	0.0061
Office Equipment	0.0008
<b>Total</b>	<b>5.4881</b>
Less: Depreciation on Contribution	-2.1183
<b>Net Depreciation</b>	<b>3.3699</b>

HRECS has submitted that the depreciation is estimated for FY25 duly taking into consideration of Capital Works Programme proposed for FY25. Depreciation on assets created out of consumer contribution / grants has not been considered while computing the depreciation for FY25.

### Commission's Analysis and Decisions:

In accordance with the provisions of the MYT Regulations, the Commission has determined the depreciation for FY25 considering the following:

- a) The actual rate of depreciation of category-wise assets is determined considering the depreciation and gross block of opening and closing balance of fixed assets as per the audited accounts for FY23.
- b) This actual rate of depreciation is considered to gross block of average of opening and closing balance of fixed assets projections as approved by the Commission for FY25.
- c) The depreciation on account of assets created out of consumers' contribution/grants are considered (deducted) based on the opening and closing balance of such assets duly considering the addition of assets as considered by HRECS for FY25.

Accordingly, the depreciation for FY25 is as follows:

**TABLE – 3.10**  
**Approved Depreciation for FY25**

Amount in Rs. Crores

Particulars	FY25
Buildings	0.0150
Civil	0.0146
Other Civil	0.0001
Plant & Machinery	1.6503
Line, Cable Network including plant/Machinery	2.5602
Vehicles	0.0404
Furniture	0.0072
Office Equipment	0.0608
<b>Total</b>	<b>4.3487</b>
Less: Depreciation on Contribution	2.1183
<b>Allowable Net Depreciation</b>	<b>2.2304</b>

Thus, the Commission decides to approve the net depreciation computed on normative basis of Rs.2.2304 Crores for FY25.

### 3.1.7 Interest & Finance Charges:

#### a) Interest on Capital Loans:

HRECS in its filing has claimed an amount of Rs.0.3937 Crores towards interest on loan capital for FY25. HRECS has submitted that it has worked out interest on capital loans by considering individual source-wise loan for FY25.

#### Commission's Analysis and Decisions:

The Commission takes note of the existing loans as per the audited accounts for FY23, the details submitted D-9 Format and the proposed new capital loans for carrying out the capex for FY25. The Commission notes that, the present SBI MCLR rate for capital loans with tenure of more than 3 years is 8.85%. Considering the present MCLR along with a spread of 200 basis points, as per the provisions of MYT Regulations, the Commission decides to allow an interest rate of 10.85% for the new Capital loans.

The Commission, as discussed in the earlier paragraphs, by considering the total capex programme of Rs. 8.00 Crores, has reckoned Rs. 4.50 Crores as approved capex for the approval of ARR / retail supply tariff for FY25. The Commission by considering the amount of capital grants available for the capital works proposed under Central / State Government Schemes and also the internal resources and the amount of consumer contribution to be receivable during relevant years, has decides to factor Rs. 2.65 Crores as the new capital loan for FY25 at the interest rate of 10.85% per annum. It shall be noted that, the amount of interest and the rate of interest now considered by the Commission on the capital loans for FY25 is subject to review during the APR and revision of ARR for FY25.

Accordingly, the interest on capital loan for FY25 is computed as follows:

**TABLE – 3.11**  
**Approved Interest on Capital Loans for FY25**

Amount in Rs. Crores	
Particulars	FY25
Opening balance of capital loans	3.1703
Add: new Loans	2.6500
Less :Repayments	0.5106
Total loan at the end of the year	5.3097
Average Loan	<b>4.2400</b>
Weighted Average interest rate on the existing loan balances in %	10.84%
Interest Rate allowed on new loans in %	10.85%
<b>Allowable Interest on Capital Loan</b>	<b>0.4597</b>

**Thus, the Commission decides to approve the interest on capital loans of Rs.0.4597 Crores for FY25.**

**b) Interest on working Capital:**

HRECS in its filing has claimed an amount of Rs. 7.0264 Crores as against Rs. 3.210 Crores as approved by the Commission for FY25 towards interest on working capital based on the norms under MYT Regulations.

HRECS in its filing, has submitted that the MYT Regulations stipulate that the rate of Interest on working capital shall be on normative basis and equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the year. Accordingly, HRECS has claimed the interest on working capital at 10.55% per annum for FY25.

**Commission's Analysis and Decisions:**

The Commission, in its preliminary observation, has observed that HRECS has claimed the interest on working capital at the rate of 10.55% per annum, whereas the present rate of interest on working capital charged by the Commercial Banks / financial institutions is on the lower side. Accordingly, HRECS was directed to furnish the basis for considering higher rate of interest on working capital at 10.55%.

HRECS in its reply to the preliminary observation, has submitted that MCLR of State Bank of India for loans with tenure of one year 8.55%. Thus, the interest in working



capital works out to 10.55% by considering the MCLR of 8.55% along with a spread of 200 basis points.

The Commission has been computing the interest on working capital as per the norms specified in the MYT Regulations, which consists of one month's O & M expenses, 1% of opening GFA and two months' revenue. Since the Commission is providing Interest on Working Capital to the licensees in order to meet their working capital needs to carry out their day to day business. As regards interest on working capital, the Commission notes that the Banks/Financial institutions have now switched over from PLR to base rate to MCLR. The MCLR for loans with tenure of one year is 8.65%. Further, considering the present MCLR with a spread of 250 basis points, as provided under the MYT Regulation norms the Commission decides to consider interest in working capital at 11.15% per annum for FY25.

Accordingly, the approved interest on working capital loans for FY25 is as follows:

**TABLE – 3.12**

**Approved Interest on Working Capital loans for FY25**

Amount Rs. Crores	
Particulars	FY 25
One-twelfth of the amount of O&M Exp.	1.844
Stores, materials and supplies 1% of Opening balance of GFA	1.504
One-sixth of the Revenue	49.507
<b>Total Working Capital</b>	<b>52.855</b>
Rate of Interest (% p.a.)	11.15%
<b>Allowable Interest on Working Capital</b>	<b>5.8934</b>

**Thus, the Commission decides to approve the interest on working capital of Rs.5.8934 Crores for FY25.**

**c) Interest on Consumer Security Deposit:**

HRECS in its filing has claimed an amount of Rs. 1.1686 Crores for FY25 towards interest on consumer security deposits at 6.75% as per Reserve Bank of India Notification dated 8<sup>th</sup> February, 2023.

**Commission's Analysis and Decisions:**

The Commission notes that in accordance with the KERC (Interest on Security Deposit) Regulations 2005, the interest rate to be allowed is the bank rate prevailing on the 1<sup>st</sup> of April of the financial year for which the interest is due. Accordingly, the Commission has considered the bank rate at 6.75% as per the latest Reserve Bank of India notification dated 08.02.2023, for computation of interest on consumer deposits for FY25.

The Commission has considered the consumer security deposits as per audited accounts of FY23 for further projection for FY25. Based on the additional security deposits collected during the previous years, the Commission decides to factor in Rs.1.00 Crores as the additional security deposit likely to be collected during FY25. Thus, the allowable interest on consumer deposits for FY25 is as follows:

**TABLE – 3.13**  
**Approved Interest on Consumer Security Deposits for FY25**

Amount in Rs. Crores	
Particulars	FY25
Opening Balance of Consumer Deposits as per Accounts	22.3676
Closing balance of Consumer Deposits	23.3676
Average of Consumer Deposits	22.8676
Allowable Rate of Interest	6.75%
<b>Allowable Interest on Consumer Deposit</b>	<b>1.5436</b>

**Thus, the Commission decides to approve the interest on consumer security deposits of Rs.1.5436 Crores for FY25.**

**d) Interest and Other Expenses Capitalised:**

HRECS, in its filing has claimed an amount of Rs. 0.8264 Crores towards interest and other expenses capitalized for FY25.

**Commission's Analysis and Decisions:**

The Commission, by considering the actual amount of expenses capitalized as per audited accounts during the previous years' decides to allow Rs.0.8264 Crores towards interest and other expenses capitalized for FY25.

The abstract of the approved Interest and Finance charges is indicated in the following Table:

**TABLE – 3.14**  
**Approved Interest and finance charges for FY25**

Amount in Rs. Crores

Particulars	FY25
Interest on Loan Capital	0.4597
Interest on Working Capital	5.8799
Interest on Consumers Deposit	1.5436
Less: Expenses Capitalized	-0.8264
<b>Approved Interest &amp; Finance Charges</b>	<b>7.0568</b>

### 3.1.8 Other Debits:

HRECS in its filing, has not claimed any amount towards other debits & prior period expenses for FY25. HRECS sought liberty to file suitable proposal for consideration of such expenses as per actuals based on audited accounts during the Annual Performance Review.

### Commission's Analysis and Decision:

Since HRECS has not claimed any amount towards Other debits, the Commission has not allowed any expenses towards the same in the ARR for FY25.

### 3.1.9 Return on Equity:

HRECS, has claimed an amount of Rs.2.1693 Crores for FY25 towards Return on Equity (RoE). HRECS has submitted that it has calculated the RoE at 15.5% and grossed up with normative Tax Rate which comes to 22.53%. HRECS has also submitted that in the earlier Tariff Orders, the total equity of the Society was considered as negative, after taking into account carry forward loss, without considering Gross Fixed Asset (GFA) and Debt- Equity Ratio as provided under Regulation 3.6 and RoE as provided under Regulation 3.9 of the MYT Regulations, as mandated by the Hon'ble Appellate Tribunal for Electricity. Denial of RoE in case of negative net worth of the Society has resulted in further deterioration of financial health of the Society. Hence, HRECS has requested the Commission to revisit the issue in the light of the above said decision of the Hon'ble APTEL.

**Commission's Analysis and Decision:**

The Commission, as per the provisions of the MYT Regulations, has considered the actual amount of share capital, share deposits and the accumulated profits/losses under reserves & surplus at the beginning of the year as per the audited accounts for FY23, for arriving at the allowable equity base for FY25 as detailed below.

**TABLE – 3.15**  
**Allowable Return on Equity for FY25**

Amount in Rs Crores

Particulars	FY25
Opening balance of Share Capital	9.4676
Opening balance of Share Deposit	0.00
OB of Carried forward Loss/Profit	155.9018
<b>Total Equity</b>	<b>146.4372</b>
<b>RoE as approved by Commission</b>	<b>0.00</b>

**Since the net-worth of HRECS is negative for FY25, the Commission decides not to allow any amount towards return on equity and Income tax, for FY25 as per the MYT Regulations.**

**3.1.10 Other Income**

HRECS in its filing, has claimed an amount of Rs.2.5985 Crores towards other income for FY25.

**Commission's Analysis and Decision:**

The Commission notes that other income received by HRECS mainly includes income from commission for collection of electricity duty, interest on bank deposits, sale of scrap, rent from staff quarters and miscellaneous receipts from trading.

Thus, considering the average other income earned by HRECS during the previous years and also in FY23, the Commission decides to consider other income of Rs.5.19 Crores for FY25.

### 3.2 Abstract of Approved ARR for FY25:

An Abstract of the approved consolidated Revised Annual Revenue Requirement of the HRECS for FY25 is as follows:

**TABLE – 3.16**  
**Approved of ARR for FY25**

Particulars	Amount in Rs. Crores	
	FY25	
	As filed	Approved ARR
Energy @ IF Point	653.468	504.1552
Transmission Loss in %	2.664%	2.664%
Energy @ IF Point including AEQUS SEZ	636.060	490.7245
<b>Energy Sales (MU)</b>		
Sales to other than IP & BJ/KJ in MU	243.532	186.321
Sales to BJ/KJ in MU	2.158	4.005
Sales to IP in MU	300.559	232.909
<b>Total Sales in MU</b>	<b>546.250</b>	<b>423.235</b>
Distribution Loss in %	14.12%	13.50%
<b>Revenue at existing tariff from sale of power and miscellaneous charges :</b>		
Revenue from Sale to other than IP & BJ/KJ	206.37	162.660
Revenue from Sale to BJ/KJ	1.50	2.790
Revenue from Sale to IP	169.82	131.590
<b>Total Revenue</b>	<b>377.6887</b>	<b>297.04</b>
<b>Expenditure</b>		
Power Purchase Cost	342.13	289.6094
O&M Expenses	<b>25.5943</b>	<b>22.134</b>
Depreciation	3.37	2.230
Interest on Loan Capital	0.3937	0.4597
Interest on Working Capital	7.0264	5.8934
Interest on Consumer Deposit	1.1686	1.5436
Less: Expenses Capitalized	-0.8264	-0.8264
Return on Equity	2.1693	0.000
Taxes	0.00	0.000
Other Income including the receipts for sale of power to AEQUS SEZ	-2.5985	-5.1886
<b>ARR</b>	<b>378.4287</b>	<b>315.855</b>
<b>Deficit of FY23 carried forward</b>	-15.37	-24.5439
<b>Total ARR for FY25</b>	<b>393.80</b>	<b>340.3991</b>
<b>Net Surplus/ Deficit for FY25</b>	<b>-16.111</b>	<b>-43.3591</b>

Thus, the Commission decides to approve the revised ARR of Rs.340.3991 Crores for FY25.

### 3.3 Average Cost of Supply for FY25:

Based on the approved ARR, the average cost of supply of the Hukeri RECS for FY25 is as follows:

**TABLE – 3.17**  
**Average Cost of Supply for FY25**

Sl. No	Particulars	FY25
1	ARR in Rs. Crores	340.3991
2	Approved Sales in MU	423.235
3	<b>Average Cost of Supply (Rs. per unit)</b>	<b>8.043</b>

### 3.4 Gap in Revenue for FY25:

As discussed above, the Commission decides to approve the Annual Revenue Requirement (ARR) of at Rs.340.3991 Crores for HRECS for FY25 which includes an amount of Rs.24.5439 Crores being the approved deficit as per APR for FY23, as against the HRECS's application proposing the ARR of Rs.393.80 Crores. Considering the estimated revenue for FY25 at the existing retail supply tariff, the total realisation of revenue will be Rs.297.04 Crores which results in the net deficit of Rs.43.3591 Crores for FY25.

**TABLE – 3.18**  
**Revenue Deficit for FY25**

Amount in Rs. Crores	
Particulars	FY25
Net ARR including carry forward deficit of FY23 (Rs. Crores)	340.3991
Approved sales (MU)	423.235
Revenue at existing tariff (Rs. Crores)	297.04
<b>Net Deficit in revenue for FY25 (Rs. Crores)</b>	<b>-43.3591</b>

Thus, the net deficit for FY25 works out to Rs.43.3591 Crores.

The Commission decides to bridge this gap in revenue of Rs. 43.3591 Crores for FY25, by revising the retail supply tariff to consumers of HRECS, as discussed in the subsequent Chapter of this Order.

## CHAPTER - 4

### DETERMINATION OF RETAIL SUPPLY TARIFF FOR FY25

#### 4.0 Revision of Retail Supply Tariff for FY24- Hukeri RECS Proposals and Commission's Decisions:

##### 4.1 Tariff Application:

HRECS in its tariff application, has projected the revised ARR of Rs.393.80 Crores with an unmet gap in revenue of Rs.16.11 Crores for FY25, which also includes the revenue deficit of Rs.15.37 Crores for FY23. In order to bridge this gap in revenue, HRECS has proposed to increase both the fixed and energy charges with an average tariff increase of 29.49 paise per unit, in respect of all the categories of consumers.

In the previous chapters of this Order, the revision of ARR consequent on Annual Performance Review (APR) for FY22 and the approval of revised ARR for FY25, has been discussed. The revision of retail supply tariff for FY24 is discussed in this Chapter.

##### 4.2 Statutory Provisions guiding determination of Tariff:

The Commission is guided inter-alia by the provisions of Section 61 of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy and the following factors, for determining the tariff of the distribution and retail supply of electricity to ensure:

- a. Conduct of the distribution and supply of electricity on an economical and commercial basis;
- b. Competition, efficiency, economical use of resources, good performance, and optimum investment are encouraged;
- c. The tariff progressively reflects the cost of supply of electricity, and also reduces and eliminates cross subsidies in the manner specified by the Commission;
- d. Efficiency in performance shall be rewarded; and
- e. Adoption of a Multi-Year Tariff (MYT) framework.

The provisions of Section 62(5) of the Electricity Act, 2003, read with Section 27(1) of the Karnataka Electricity Reform Act, 1999, empower the Commission to specify, from time to time, the methodologies and the procedure to be observed by the licensees in computing the Expected Revenue from Charges (ERC). In pursuance of these statutory provisions and in accordance with the Regulations and Orders issued by the Commission from time to time, the Commission has determined the Tariff for the year FY25.

#### **4.3 Factors Considered for Tariff setting:**

The following factors have been kept in view while determining the Retail Supply Tariff:

##### **a) Tariff Philosophy:**

As discussed in the earlier Tariff Orders, in respect of consumers whose ability to pay is low and for some consumers who provide Public services, the Commission has continued to fix tariff below the average cost of supply and in respect of certain categories of consumers whose ability to pay is considered to be high, the tariff has been fixed at or above the average cost of supply. Thus, the system of cross subsidisation has been continued.

It has been a fact that over the years the industrial and commercial consumers are bearing the burden of cross subsidies to meet the subsidized cost of power to Irrigation Pump sets in the State. This is essentially resulting in payment of cross subsidies to the government by these industrial and commercial consumers. In order to reduce the burden of cross subsidies to these industrial and commercial consumers, the Commission has endeavoured to gradually reduced the level of cross subsidy in respect of industrial and commercial consumers, in this tariff order.



**b) Average Cost of Supply:**

The Commission has been determining the retail supply tariff based on 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 level supply. Therefore, the Commission has decided to continue the fixation of tariff with reference to the average cost of supply for recovery of the ARR. However, in terms of the Orders of the Hon'ble ATE, the cross subsidy with reference to the voltage-wise cost of supply has been worked out and indicated in the **Annexure-1** to this Order.

**c) Rationalisation of Tariff:**

As part of the Tariff Rationalisation, the Commission has decided to continue with a single tariff for both urban and rural areas by continuing rebate to the consumers in rural areas to certain category of Rural Consumers as is being allowed in the previous year's Tariff Order dated 12<sup>th</sup> May, 2023. Further, continuing the process of rationalization of tariff, the Commission has reduced the no. of slabs in each of the tariff categories, to one slab and thereby consumers will have only one slab for payment of energy charges.

**d) Rural Rebate & Rebate to LT Industrial:**

The Commission has decided to continue to extend a rebate 30 paise per unit to the LT2, LT3 & LT5 consumers falling under village panchayats areas.

**e) Cross subsidising Consumer categories:**

The following consumers would cross subsidize the other consumers:

- a. LT-3.. LT Commercial;
- b. LT-5..LT Industrial;
- c. LT2b.. Private Educational Institutions & Hospitals
- d. HT2 (a) HT Industrial;
- e. HT2(b) HT Commercial;
- f. HT2(c) Govt. / Private Educational Institutions & Hospitals;

- g. HT (4) HT Residential;
- h. HT & LT Temporary Supply.

**f) Reduction of Cross Subsidies:**

It has been Commission's endeavour to progressively reduce cross subsidies in terms of the provisions of the Electricity Act, 2003 and the Tariff Policy of 2016, notified by the Government of India. In this order also the Commission has attempted to reduce the cross subsidies payable by Industrial and Commercial consumers, to encourage industry and trade in the State.

**g) Cross subsidised Consumer categories:**

The following consumers are cross subsidized by the consumers indicated in para 6.3(e):

- LT4 (a) & (b) –Agricultural pump sets of upto 10 HP and more than 10 HP;
- LT4(c) Private Nurseries & Plantations;
- LT6 (a) & HT1 Water Supply;
- LT6(b) & (c) Street Lights & EV Charging Stations;
- HT-3 Private Lift Irrigation installations.

While the Cross Subsidizing consumers are paying above the Average Cost of Supply, the Cross Subsidized consumers are paying less than the Average Cost of Supply.

**h) Uniform Tariff Across ESCOMs:**

In view of the Policy of Government of Karnataka to fix uniform tariff across the ESCOMs, the power allocation from generating stations owned by the State Govt./ Central Govt./ IPPs is being made, year on year, by the GoK to make the average cost of supply comparable. As a result, the ESCOMs are allocated with a mix of high/low cost energy generated from KPCL stations, to ensure that the average cost of power is comparable

#### 4.4 Category-wise Tariff Charges: As filed by HRECS:

In order to make good the revenue deficit, HRECS has proposed the tariff increase as below:

Tariff Charges as proposed by HRECS for FY25							
Category	Category Description	Unit (KW/HP/KVA)	As Proposed: HRECS				
			Fixed Charges (In Rupees)		Energy Charges (Paise/Unit)		
			Slab-1	Slab-2		Slab-1(#4)	Slab-2(#4)
LT-1<=40	Bhagya Jyothi / Kutir Jyothi	Per KW(*)	100	-	HRECS	721	-
LT-2a	Domestic	Per KW(#1)	120	220		501	726
LT-2b	Educational Institutions / Hospitals, etc.	Per KW(#1)	190	260		801	-
LT-3a	Commercial	Per KW(#1)	210	310		876	-
	Commercial-Demand Based Tariff		230	330			
LT-3b	Commercial-Advertisement / Hoardings, etc.	Per KW	210	-		1,076	-
LT-4a	IP Sets with Sanctioned Load 10HP & below	Per HP	-	-	HRECS	591	-
LT-4b	IP Sets with Sanctioned Load above10HP	Per HP	145	-		436	-
LT-4c	Horticultural Nurseries/Farms, etc.	Per HP	145	-		451	-
LT-5	Industrial	Per HP (#2)	150	260		636	736
	Industrial-Demand Based Tariff		200	310			
LT-6a	Water Supply	Per HP (#3)	185	285		576	-
LT-6b	Public Lighting	Per KW	185	-		726	-
	Public Lighting-With LED/Induction lighting					626	-
LT-6c	EV-Charging	Per KW(#1)	80	180		476	-
LT-6c/HT	EV-Charging	Per KVA	210	-			
LT-7	Temporary Power Supply	Per KW	210	-		1,176	-
HT-1	Water Supply	Per KVA	360	-		626	-
HT-2a	Industrial	Per KVA	360	-	Others	766	-
HT-2b	Commercial	Per KVA	385	-		951	-
HT-2ci	Govt. Educational Institutions / Hospitals, etc.	Per KVA	310	-		776	-
HT-2cii	Other Educational Institutions / Hospitals, etc.	Per KVA	360	-		876	-
HT-3	Lift Irrigation	Per HP	160	-		376	-
HT-4	Residential Apartments / colonies, etc.	Per KVA	310	-		751	-
HT-5	Temporary Power Supply	Per HP	410	-		1,176	-
(*) Subject to minimum							
(#1): Slab-2 Fixed Charges for every additional KW above 50 KW							
(#2): Slab-1 Fixed Charges for sanctioned load below 100HP and Slab-2 Fixed Charges for sanctioned load 100 HP& above							
(#3): Slab-2 Fixed Charges for every additional HP above 67HP							
(#4): In respect of LT-2a category Slab-1 is 0 to 100 units and Slab-2 is 0 to all units. In respect of LT-5 category Slab-1 is 0 to 500 units and Slab-2 is above 500 units.							

#### 4.5 Category-wise Tariff Approved by the Commission:

The Commission is determining the uniform tariff across the State. In respect of HRECS, the tariff schedule applicable to other ESCOMs is being made applicable to HRECS also. Accordingly, the Commission has approved the tariff schedule for HRECS as follows:

Tariff Charges for FY25: As Approved by the Commission						
Category	Category Description	As Approved by the Commission for FY25				
		Unit (KW/HP/KVA)	Fixed Charges (In Rupees)		Energy Charges (Paise/Unit)	
			Slab-1	Slab-2		
LT-1 (*1)	Domestic	Per KW (#1)	120	210	Applicable to all ESCOMs	590
LT-2 (*2)	Educational Institutions / Hospitals, etc.	Per KW (#1)	180	250		725
LT-3a	Commercial	Per KW (#1)	210	300		800
	Commercial-Demand Based Tariff		220	320		
LT-3b	Commercial-Advertisement / Hoardings, etc.	Per KW	200	-		1,050
LT-4a	IP Sets with Sanctioned Load 10HP & below	Per HP	-	-	BESCOM	565
			-	-	MESCOM	690
			-	-	CESC	740
			-	-	HESCOM	740
			-	-	GESCOM	745
			-	-	HRECS	770
LT-4b	IP Sets with Sanctioned Load above 10HP	Per HP	135	-	Applicable to all ESCOMs	410
LT-4c	Horticultural Nurseries/Farms, etc.	Per HP	135	-		425
LT-5	Industrial	Per HP (#2)	140	250		610
	Industrial-Demand Based Tariff		190	300		
LT-6a	Water Supply	Per HP (#3)	180	275		550
LT-6b	Public Lighting	Per KW	180	-		700
	Public Lighting-With LED/Induction lighting					600
LT-6c	EV-Charging	Per KW (#1)	70	170		450
LT-6c/HT	EV-Charging	Per KVA	200	-		450
LT-7	Temporary Power Supply	Per KW	200	-		1,150
HT-1	Water Supply	Per KVA	340	-		625
HT-2a	Industrial	Per KVA	340	-	Others	690
			300	-	BMRL	525
			340	-	Railway	650
			340	-	Eff.Plants	650
HT-2b	Commercial	Per KVA	365	-	Applicable to all ESCOMs	800
HT-2ci	Govt. Educational Institutions / Hospitals, etc.	Per KVA	290	-		710
HT-2cii	Other Educational Institutions / Hospitals, etc.	Per KVA	340	-		810
HT-3	Lift Irrigation	Per HP	150	-		150
HT-4	Residential Apartments / colonies, etc.	Per KVA	290	-		725
HT-5	Temporary Power Supply	Per HP	400	-		1,150
HT-6	Horticultural Nurseries/Farms, etc.	Per HP	150	-		550
HT-7 (NEW) (#4)	Government Lift Irrigation	Per HP	150	-		475
(*1) Consequent introduction of Griha Jyothi benefits to all domestic installations LT-1 (BJ/KJ) category is merged with LT-2a and the category is renumbered as LT-1 (*2) Consequent to renumbering of LT-2a as LT-1, category LT-2b is renumbered as LT-2. (#1): Slab-2 Fixed Charges for every additional KW above 50 KW (#2): Slab-1 Fixed Charges for sanctioned load below 100HP and Slab-2 Fixed Charges for sanctioned load 100 HP & above (#3): Slab-2 Fixed Charges for every additional HP above 67HP (#4): HT-7 is New Category carved from HT-3 and it is applicable to Lift Irrigation Schemes of Government						

**(a) Rural Rebate:** Consequent to merger of urban and rural categories, in the Tariff Order 2023 dated 12<sup>th</sup> May 2023, the Commission had allowed Rural Rebate of 30 paise / unit to the rural consumers of LT-1 (earlier LT-2a), LT-2 (earlier LT-2b), LT-3 and LT-5 categories. Consequent to reduction in energy charges / rationalization, the Commission decides to re-determine the Rural Rebate as follows:

- (i) LT-1 (earlier LT-2a) category:** Rural Rebate has been discontinued.
- (ii) LT-2 (earlier LT-2b) and LT-3 category:** Rural rebate as existing is continued for village panchayats.
- (iii) LT-5 category:** Rural Rebate in respect of Town Municipal Council areas has been discontinued. However, for village panchayat areas the same has been continued as existing.

**(b) Rebate to Micro & Small scale industries under LT-5 category:**

In the previous tariff orders, the Commission has approved a Rebate of 50 paise per unit in Energy Charges to Micro & Small scale industries in order to mitigate the financial crisis faced due to present economic slowdown in the State on account of pandemic Covid-19. This Rebate was allowed for only 12 months. The rebate was also continued for FY24 by considering the request of the consumers.

**In this Tariff Order, the Commission has reduced the energy charges in respect LT-5 (industrial) category. As such, the Commission decides to discontinue the rebate from 01.04.2024 onwards.**

#### **4.6 Wheeling charges**

HRECS in their Tariff Petition had not submitted the details of wheeling charges, cross subsidy surcharge and additional surcharge applicable for FY25. Hence, the Commission had directed HRECS to submit the wheeling charges (duly segregating the cost between Distribution Network cost and Retail supply business cost), cross subsidy surcharge and additional surcharge applicable for FY25 based on the ARR filed for FY25, along with the working details.

HRECS in their replies has requested the Commission to determine the wheeling charges for FY25, as was being done by the Commission earlier, on the basis of

same formula which are applied in HESCOM for segregating the ARR between distribution business and retail supply business.

The Commission has noted the replies furnished by HRECS. Since HRECS has not proposed wheeling charges and has also not provided the segregation of cost between distribution and retail supply business, the Commission has segregated the ARR between distribution business and retail supply business for HRECS in the same proportion as in HESCOM. Further, the allocation of loss is based on the energy flow diagram furnished for FY25 by HRECS.

As such the wheeling charges for HRECS is as indicated below:

#### 4.6.1 Wheeling within HUKERI RECS Area:

The wheeling charges to each voltage level are worked out as under:

	Paise/unit
HT-network	37
LT-network	87

In addition to the above, the following technical losses are applicable to all open access/wheeling transactions:

Loss allocation	% loss
HT	5.74
LT	6.81

**Note: Total loss is allocated to HT, LT & Commercial loss based on energy flow diagram furnished by HUKERI RECS.**

The actual wheeling charges payable (after rounding off) will depend upon the point of injection & point of drawal as under:

Injection point →	HT	LT
Drawal point ↓		
HT	37(5.74%)	124(12.55%)
LT	124(12.55%)	87(6.81%)

**Note: Figures in brackets are applicable losses**

The wheeling charges as determined above are applicable to all the open access / wheeling transactions including GEOA transactions, for using the HRECS' network only. For Non-GEOA RE sources the charges shall be as discussed in the later paragraphs of this order.

**A. WHEELING OF ENERGY [all transactions including GEOA and excluding Non-GEOA RE sources wheeling to consumers within the State] USING TRANSMISSION NETWORK AND/OR NETWORK OF MORE THAN ONE LICENSEE**

- i. If only transmission network is used [both injection and drawal at transmission network], only transmission charges including transmission losses as determined by the Commission in the KPTCL's Transmission Tariff order shall be payable to the Transmission Licensee.
- ii. If the Transmission network and the HRECS' network are used:
  - a. Injection at transmission network & drawal at HT network of HRECS:  
In addition to transmission losses and HRECS' HT technical losses, Transmission Charges shall be payable to the Transmission Licensee and HT network wheeling charges of drawal HRECS shall be payable to the HRECS where the power is drawn. Wheeling charges of the HRECS where the power is drawn shall be shared equally among the ESCOMs whose networks are used, if any.
  - b. Injection at transmission network & drawal at LT network of HRECS:  
In addition to transmission losses and drawal HRECS' HT & LT technical losses, Transmission Charges shall be payable to the Transmission Licensee and distribution network [LT+HT] wheeling charges of drawal HRECS shall be payable to the HRECS where the power is drawn. Wheeling charges of the HRECS where the power is drawn shall be shared equally among the ESCOMs whose networks are used, if any.
  - c. Injection at HRECS' HT network & drawal at Transmission Network:  
In addition to transmission losses and injection HRECS' HT technical losses, Transmission Charges shall be payable to the Transmission Licensee and HT network wheeling charges of injection HRECS shall be payable to the HRECS where the power is injected. Wheeling charges



of the HRECS where the power is injected shall be shared equally among the ESCOMs whose networks are used, if any.

- d. Injection at HRECS LT network & drawal at Transmission Network  
In addition to transmission losses and injection HRECS' HT & LT technical losses, Transmission Charges shall be payable to the Transmission Licensee and distribution network [LT+HT] wheeling charges of injection HRECS shall be payable to the HRECS where the power is injected. Wheeling charges of the HRECS where the power is injected shall be shared equally among the ESCOMs whose networks are used, if any.
- e. Inter-distribution licensee transactions [injection at HT or LT of one distribution licensee and drawal at HT or LT of other distribution licensee]:

In such cases, in addition to the distribution losses of drawal distribution licensee [both LT + HT loss irrespective of injection or drawal voltage level], distribution network charges [wheeling charges both HT+LT] of the drawal distribution licensee shall be paid to the drawal distribution licensee. Wheeling charges of the distribution licensee where the power is drawn shall be shared equally with the injection distribution licensee.

**B. Charges for Wheeling of Energy by Non-GEOA Renewable Energy (RE) Sources (Non-REC Route) to the Consumers in the State**

The separate orders issued by the Commission from time to time in the matter of wheeling and banking charges for Non-GEOA RE sources (Non-REC route) including solar power projects wheeling energy to consumers within the State shall be applicable.

**C. Charges for Wheeling Energy by Non-GEOA RE Sources Wheeling Energy from the State to a Consumer/Others Outside the State and for those opted 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 paras 4.6.1 and A above 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.

#### **D. Banking Charges for RE sources:**

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

#### **4.6.2 Cross Subsidy Surcharge (CSS):**

The Commission in its preliminary observations had directed HRECS to furnish CSS applicable for FY-25 along with working details.

HRECS in its replies has submitted that, the Commission may determine the CSS for FY25, as being done by the Commission earlier.

As the Commission has determined a common cross subsidy surcharge for all the ESCOMs, the same shall be applicable to Hukeri RECS also. As such the applicable CSS is as follows:

##### **HT Installations:**

Paise / Unit										
Voltage level	HT-1	HT-2a	HT-2b	HT-2c (i)	HT-2c (ii)	HT-3	HT-4	HT-5	HT-6	HT-7
66kV & above	0	55	246	0	121	0	37	305	230	0
HT-11kV or 33 kV	0	55	246	0	121	0	37	305	230	0

##### **LT Installations**

Paise / Unit											
LT-1	LT-2	LT-3a	LT-3b	LT-4(a)	LT-4(b)	LT-4(c)	LT-5	LT-6 (a)	LT-6 (b)	LT-6 (c)	LT-7
48	120	209	510	0	0	231	71	0	0	0	448

##### **Note:**

- Wherever, the computed CSS is negative, CSS is considered as zero.
- Lower of CSS computed & actual cross subsidy is considered and if it is one paise or less, CSS is considered as zero.

The cross-subsidy surcharge determined in this order shall be applicable to all open access/wheeling transactions in the area coming under HRECS. 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.

#### **4.6.3 Additional Surcharge:**

As regards additional surcharge, the Commission has determined a common additional surcharge for all the ESCOMs and therefore, the same shall be applicable to HRECS also, as HRECS is procuring bulk power from HESCOM.

#### **4.7 Other Issues:**

##### **i) Optional Self-Reading of Meters:**

Clause 26.01 of the Conditions of Supply provides for self-reading of meters by the consumers. In the present Tariff Order, the Commission has removed the system of slab-wise consumption by introducing single slab system in respect of all the consumer categories. The consumers may opt for self-reading of meters at their choice. For effective implementation of self-reading of meters by the consumers, the Licensees are directed to develop digitized modalities/mode for implementation of self-reading meters by the consumers w.e.f.1.06.2024.

##### **ii) 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 or the tariff as may be fixed by the Commission from time to time**, as an additional

tariff over and above the normal tariff to be paid by the 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 give wide publicity about the availability of RE power through newspapers/ media/ interaction meeting with the industrial consumers.**

**iii) Prompt payment incentive:**

The Commission had approved incentive for prompt bill payment at the rate of 0.25% of bill in respect of:

- (i) monthly bill exceeding Rs.1,00,000 (Rs.one lakh), where payment is made 10 days in advance of due date and
- (ii) advance payment exceeding Rs. 10,000 made by the consumers towards monthly bills.

**The Commission decides to continue the above incentive.**

**iv) Advance Payment made by consumers:**

It has come to the notice of the Commission that under the system of online payment, advance payment of amounts is not being accepted. The Commission is of the view that any consumer who is likely to be away from his home/ country and wants to make advance payment, should have the facility to make advance payment to his consumer account. Hence Commission directs Licensees to make provision in the softwares to accept advance payment of any amount, if the consumer wants to pay against his consumer account.

**v) 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).

**vi) Power Factor:**

The Commission in its previous orders 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 has decided 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

**vii) 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.

**viii) Interest on delayed payment of bills by consumers:**

The Commission, in its previous Orders had approved collection of interest on delayed payment of bills at 12% per annum. The Commission with a view to achieve the 100% collection efficiency in recovery of revenue demand to reduce the financial burden of ESCOMs and to bring in discipline among the defaulting consumers, decides to continue the same rates in this Order also.

**ix) Security Deposit (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.

**x) 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)/ Online payment through Credit or Debit cards/ online E-payment up to the limit prescribed by the RBI, and the collection of power supply bills above Rupees One lakhs through RTGS / NEFT at the option of the consumer **subject to informing the payment details to the concerned sub-division.**

The Commission, as decided in the Tariff Order 2018 dated 14<sup>th</sup> May, 2018, in order to encourage the consumers to opt for digital payments in line with the direction of the Ministry of Power (MOP), GoI, decides to continue to allow ESCOMs to collect payment of monthly power supply bill through **Electronic clearing system (ECS)/ Debit / Credit cards / RTGS/ NEFT/ Net Banking through ESCOMs / Bank/ Bangalore One and 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 ESCOMs to incur and claim the expenditure on such transaction in the ARR. However, the Commission decides to allow ESCOMs 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.**

**xi) Cross Subsidy Levels for FY25:**

The Hon'ble Appellate Tribunal for Electricity (ATE), in its Order dated 8<sup>th</sup> 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 and the cross subsidy thereon, is indicated in **ANNEXURE- 1** of this Order. It is the Commission's endeavour to reduce the cross subsidies gradually as per the Tariff policy.

**xii) Date of Effect of Revised Tariff:**

- a. 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, the ESCOMs have filed their applications for revision of tariff on or before 30<sup>th</sup> November, 2023.
- b. To enable the ESCOMs to recover the revenue as determined in this Order, the Commission decides that, the revised tariff for the energy consumed, shall be given effect, from the 1<sup>st</sup> meter reading date falling on or after 1<sup>st</sup> of April 2024 and will be in effect until further orders.

A statement indicating the proposed revenue and approved revenue is enclosed vide **Annexure-1** and detailed tariff schedule is enclosed vide **Annexure-II**.

#### **4.8 Summary of the Tariff Order:**

The following is summary of the Tariff Order 2025:

- ❖ The Commission has approved the total revised ARR of Rs.340.39 Crores for FY25, which includes the deficit of Rs.24.54 Crores for FY23 as per APR, with the

net deficit in revenue of Rs.43.35 Crores. This is against HRECS's proposed total ARR of Rs.393.80 Crores.

- ❖ HRECS, in their tariff application dated 29.11.2023 have proposed an average increase in the tariff by of 29 paise per unit.
- ❖ With reduction of cross subsidies to Industrial and Commercial consumers under both LT and HT consumer categories, there is considerable reduction in the tariff payable by these consumers.
- ❖ The Commission has introduced single rate of energy charges for the usage of energy to all the category of consumers as against the existing slab system of charges levied on energy consumption.
- ❖ The Commission has bifurcated the HT Lift irrigation installations into Government and private installations as was prevailing earlier.
- ❖ The Commission, in order to promote the use of eco-friendly Electric Motor Vehicle in the State in line with the Policy of the GoI / GoK, **has continued the reduced energy charges of Rs.4.50 per unit, to the Electric Vehicle Charging Stations including the Electric Vehicle battery swapping Stations under LT-6 tariff category, without increasing the fixed / demand charges.**
- ❖ **Consequent to reduction in energy charges in respect of LT-5 category, the Commission decides to discontinue the concession of 50 paise per unit in the Energy Charges which was extended to the Micro and Small Scale Industries.**
- ❖ Time of the Day (ToD) introduced for morning peak-6 to 9 a.m. in addition to the existing evening peak between 6.00p.m. to 10.00 p.m.
- ❖ **The TOD tariff approved by the Commission is also applicable for the power supply availed in the Depots of the HT installation of BMTC / KSTRC / NEKRTC / NWKRTC for charging their Electric Motor Vehicle under LT6(c) tariff schedule.**
- ❖ **Special Incentive Scheme (SIS) is continued for the financial year 2024-25, with change in rate of incentive from Rs.2/- per unit to Re.1/- per unit for night consumption. The other terms and conditions remain the same.**

- ❖ In order to encourage sale of surplus energy, the Commission has continued the “Discounted Energy Rate Scheme” at the rate of Rs.5.00 per unit for the HT2(a), (b) and (c) categories and LT industrial and LT Commercial consumers (having sanctioned load of 50 KW and above) for usage of power beyond the base consumption, until further order.
- ❖ The Commission has decided to continue Green tariff of additional 50 paise per unit over and above the normal tariff at their option or the tariff as may be determined by the Commission from time to time, for HT industries and HT commercial consumers to promote purchase of renewable energy from ESCOMs.
- ❖ Directive issued for setting up of a Portal to maintain the details of PPAs executed and approved by the competent authorities to monitor the terms and conditions of the PPAs and also to regulate payment of power purchase bills online.
- ❖ Directive issued for setting up of required system to allow for Optional Prepaid metering from 1/6/2024.
- ❖ As per directive issued to the ESCOMs, the Commission, would continue to impose penalty up to Rupees one lakh per sub-division on ESCOMs, if the field officers do not conduct Consumer Interaction meetings, at least once in three months and such penalty would be payable by the concerned officers of the ESCOM.
- ❖ The Commission has decided to rationalise tariff by adjusting the surplus revenue determined as per Chapter-5 of this Order, in the revised retail supply tariff effective from the 1<sup>st</sup> meter reading date falling on or after 1<sup>st</sup> of April 2024 and will be in effect until further orders.



**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 ARR as per APR for FY23, revised ARR for FY25 and notifies the retail supply tariff of ESCOMs for FY25, as stated in Chapter-4 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 1<sup>st</sup> April, 2024 and would remain in force until further orders.
3. This Order is signed dated and issued by the Karnataka Electricity Regulatory Commission at Bengaluru this day, the 28<sup>th</sup> of February, 2024.

(P. Ravi Kumar)  
Chairman

(M.D.Ravi)  
Member

## APPENDIX

### REVIEW OF COMPLIANCE OF COMMISSION'S DIRECTIVES

The Commission, in its Tariff Order dated 12<sup>th</sup> May, 2023 and the earlier Tariff Orders, has issued several Directives. The Commission has been reviewing the compliance thereof, on regular basis. In the present proceedings also, the Commission has reviewed the compliance to the Directives. The Commission decides not to pursue few of the Directives which were dropped in the earlier Tariff Order as they are routine functions and the HRECS is expected to attend to them. The HRECS has been making efforts to comply with the Directives issued by the Commission but the progress achieved by HRECS is not totally satisfactory and HRECS needs to put forth more efforts in implementing the Directives.

**1) Linking of RR numbers to Aadhaar Numbers of IP sets having a sanctioned load of 10 HP & Below:**

The Commission in its Order dated 12<sup>th</sup> May, 2023, had directed HRECS to take up a drive to obtain and link the RR Numbers to Aadhaar Numbers, in respect of all the IP set installations of 10HP & below. The HRECS had to complete this task within six months from the date of issue of the order.

**Compliance by the HRECS:**

HRECS has started linking of RR numbers to Aadhaar numbers of IP sets and out of total 33,631 numbers of IP sets, 25,019 numbers been linked and the balance are under progress and will be completed as soon as possible. The percentage of IP sets' RR numbers linked to Aadhaar number is 74.39%.

**Commission's Views:**

The Commission notes the reply furnished by the HRECS, the progress of the HRECS is only 74.39%. Hence, the Commission while taking note of the HRECS compliance, reiterates that the HRECS shall continue to obtain and link the RR

Numbers to Aadhaar Numbers of all the IP sets. The HRECS shall complete this task within three months from the date of issue of this order. In case the HRECS fail to link the RR numbers to Aadhaar Numbers, the Government shall not release subsidy in respect of such installations.

## **2) Directive on implementation of Standards of Performance (SoP):**

The KERC had notified the KERC (Rights of Consumers relating to Supply of Electricity, Standards of Performance (SoP) and allied matters) Regulations, 2022 on 14.10.2022. These Regulations specify automatic payment of compensation by the Distribution Licensees for their failure to meet the guaranteed standards of performance in respect of certain critical service areas. The mechanism for automatic payment of compensation, in respect of certain service areas, is expected to push the Distribution Licensees to strive to improve their quality of performance and enhancing their service standards. The Commission directed HRECS, that the KERC (Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matters) Regulations, 2022 specified by the Commission need to be implemented, in its letter and spirit also to display the specified SoP parameters in all their offices, website etc.

The Commission also directed the HRECS to submit the Quarterly Reports giving the details of number of violations of SoP by officers, Sub-division-wise, month-wise, amount of penalty levied on the officers and the amount paid to the consumers for the delay in service.

### **Compliance by the HRECS:**

The HRECS is promptly giving response to consumer complaints and implemented the KERC (Rights of Consumers Relating to Supply of Electricity, Standards of Performance (SoP) and allied matter) Regulations, 2022. HRECS has displayed the specified SoP parameters in all section offices and its official website. Till today there are no consumer complaints relating to SoP parameters.

**Commission's Views:**

The Commission notes that HRECS has not developed a suitable mechanism for automatic payment of compensation and to register the claim for compensation in case of non-compliance of SoP.

The Commission while taking note of the HRECS compliance, reiterates that the HRECS shall continue to adhere to the directives on the specified Standards of Performance in rendering various services to consumers in a time bound manner. The Commission also directs HRECS to submit the Quarterly Reports giving the details of number of violations of SoP by officers, Sub-division-wise, month-wise, amount of penalty levied on the officers and the amount paid to the consumers for the delay in service. HRECS shall continue to display the specified SoP parameters in all the O&M offices, in a conspicuous place, which can be viewed by all the visitors to the Office. At the end of SoP, it shall be mentioned that, consumers can claim the compensation automatically from the concerned officers for deficiency in service.

HRECS shall continue to conduct necessary orientation programme for all the field officers and the staff up to linemen level to educate them on the SoP and the consequences of non- adherence to the same.

**3) Directive on conducting Consumers' Interaction Meetings (CIMs) in the O & M sub-divisions for redressal of consumer complaints:**

The Commission, had directed that the HRECS shall ensure that Consumer Interaction Meetings chaired by the Manager Director, are conducted in each of its O&M sub-divisions according to a pre-published schedule, at least once in every three months. Further, the consumers were to be invited to such meetings giving advance notice through emails, letters, HREC's website, local newspapers etc., to facilitate participation of maximum number of consumers in such meetings. The HRECS was required to ensure that the proceedings of such meetings are recorded and uploaded on its website, for the information of

consumers. Compliance in this regard was to be reported once in three months to the Commission, indicating the dates of meetings, the number of consumers attending such meetings and the status of redressal of their complaints.

**Compliance by the HRECS:**

HRECS is conducting Consumer Interaction Meetings in Head office at Hukeri and also in section offices chaired by the Managing Director, by giving paper notification and the details in the prescribed format along with the proceedings are submitted to the Commission.

**Commission's Views:**

Reports from HRECS have been received in the Commission's office at the end of each quarter in the format prescribed for reporting the conduct of CIMs.

HRECS shall conduct Consumer interaction meetings duly ensuring that such meetings are strictly chaired by Managing Director and not by any other officer. The Commission also declares that, if the consumer interaction meetings are conducted without the participation of the Managing Director, then it will be considered as non-compliance of the Commission's directives and the Commission would consider imposing a penalty of up to Rupees One lakh per quarter for each instance of non-compliance and also direct that such penalty shall be recovered from the Managing Director towards non-conduct of such meetings.

It is reiterated that HRECS shall conduct CIMs once in a quarter to redress the consumer grievances relating to supply of electricity. Advance notices shall be sent to the stakeholders by email / website and through SMS well in advance. Compliance report shall be submitted to the Commission regularly in the prescribed Format, along with a copy of the proceedings of each meeting.

**4) Directive on Service Centers for improved Responsiveness:**

The Commission, with a view to improve services to the consumers, had directed that the distribution licensees shall suitably re-organize their field operations. The Commission was also of the view that HRECS should introduce a system of 'Service Centres' manned by a group of 4-5 maintenance workers with appropriate transport facility to enable them to move to the affected areas quickly with necessary maintenance materials and equipment. The operational area and the level of maintenance work and complaints that can be attended to by the 'Service Centres' could also be appropriately defined. In view of the improved communication network in the rural areas, such Centres can function even in the rural areas very effectively. The maintenance crew in the Service Centres may also be utilized to keep a vigil over cases of unauthorized use of electricity and prevent theft of power by obtaining assistance from the local revenue or police authorities wherever necessary. The Commission directed that HRECS shall introduce the system of adequately equipped 'Service Centres' and report the results of its operations along with details of additional expenditure to the Commission.

**Compliance by the HRECS:**

The HRECS is having its own transformer repair centre at Hukeri Head office. The failed transformers are repaired and being replaced immediately on priority basis. There are 10 section offices and in each Section, a group of maintenance staff is available with appropriate transport facilities to enable them to move to the affected areas quickly with necessary maintenance materials and equipment. Logistics of transport etc., is provided on call by the head office. The average time taken to replace distribution transformers in Towns is 23 hours and in rural areas it is 70 hours. The average time taken for attending fuse off calls in towns is 5 hours and in rural areas it is 20 hours. To find out the root cause of failure of distribution transformers, onsite inspection, external inspection, diagnostic testing and internal inspection are being performed and necessary steps taken to reduce the distribution transformer failure.

**Commission's Views:**

The Commission notes the submissions made by HRECS in conducting the consumer interaction meetings for redressal of consumer complaints. The HRECS is directed to ensure that the time taken to attend to the complaint is minimum, so that prompt response to the consumer complaints is made.

The Commission directs the HRECS to furnish the mechanism adopted in its jurisdiction for resolving the routine consumer complaints viz., power supply interruptions, billing issues etc., within three months from the date of this order.

**Further, the Commission directs the HRECS to conduct CGRF meetings regularly for redressal of complaints. It is also required that wide publicity should be continuously made in the local newspapers regarding the availability of CGRF mechanism in the HRECS jurisdiction, for redressal of grievances relating to supply of electricity, so that more and more consumers are able to avail its services. The HRECS is directed to report the compliance thereon, to the Commission, regularly once in three months.**

## APPENDIX – 1

### Statement showing the Gist of objections of the consumers / Stakeholders and HRECS Response thereon and the Commission's Views.

Sl. No.	Objections	Replies by HRECS
1	<p>In page no. 93 under para 10.3.7 for AEQUS SEZ the annual consumption for FY24 and FY25 is considered at 27.900 million units and 18.060 million units.</p> <p>AEQUS SEZ: Based on our ARR filing &amp; consumer projections, the estimated power requirement from ESCOM other than STOA at IF point is of 22.824 million units for FY24 and 20.953 million units for FY25 as submitted in AEQUS SEZ filing during November 23.</p>	<p>In the Tariff filing FY25, HRECS has considered 27.90 MU for FY24 and 18.06 MU for FY25 as per AEQUS SEZ letter dated 06-11-2023.</p> <p>However, HRECS will abide the decision of the Hon'ble Commission in this regard.</p>
	<p><b>Commission's Views:</b> The Commission has taken note of the request made by the objector and the reply furnished by HRECS. The matter of power requirement at IF point of AEQUS SEZ has been dealt with separately in the Order approving the ARR of AEQUS SEZ.</p>	
2	<p>In page No.116, under para 24.2.8 HRECS has requested for increase in Power purchase (PP) cost for FY 25 to Rs. 7.5057/KWh from the existing rate of INR 7.2457/KWh.</p> <p>In page No. 117, in the prayer, HRECS has requested the Hon'ble Commission to approve the PP cost of Rs. 7.5057/KWh as mentioned in para 24(b).</p>	<p>It is true that AEQUS is the distribution licensee, the percentage increase proposed by HRECS was uniform and it was presumed that different rate hike for different category might invite criticism from other category.</p>
	<p><b>Commission's Views:</b> The Commission has taken note of the request made by the objector and the reply furnished by HRECS. The matter of power purchase cost of AEQUS SEZ has been dealt with separately in the Order approving the ARR of AEQUS SEZ.</p>	
3	<p>In page No. 158, HRECS has requested the Hon'ble Commission to increase Tariff for AEQUS SEZ by INR 0.262/KWh.</p> <p>AEQUS SEZ: From time to time basis, Hon'ble commission has ordered the tariff fixation methodology &amp; power purchase cost for deemed distribution licenses in the state of Karnataka under various orders. HRECS should consider the methodology and directions</p>	<p>It is proposed to recover the deficit anticipated.</p> <p>However HRECS will abide by the decision of the Hon'ble Commission in this regard.</p>



Sl. No.	Objections	Replies by HRECS
	approved by Hon'ble Commission, while determining the tariff for AEQUUS SEZ.	
	<b>Commission's Views:</b> The Commission has taken note of the request made by the objector and the reply furnished by HRECS. This matter has been dealt with separately in the Order approving the ARR of AEQUUS SEZ.	
4	ತಾವು ಸಂಘದಲ್ಲಿ ವಿಚಾರಣೆ ಸಭೆ ಕರೆಯುವಾಗ ಮಧ್ಯಾಹ್ನ 12:00 ಗಂಟೆಯ ನಂತರ ಕರೆಯುವುದಾಗಬೇಕು ಏಕೆಂದರೆ ಹುಕ್ಕೇರಿ ತಾಲೂಕಿನಲ್ಲಿ ವಿಶೇಷವಾಗಿ ಎಲ್ಲ ರೈತಾಪಿ ಜನರು ಇರುವುದರಿಂದ ಮತ್ತು ಸುಮಾರು 80,000ಕ್ಕಿಂತ ಹೆಚ್ಚು ಸದಸ್ಯರನ್ನು ಒಳಗೊಂಡಿದ್ದು ಸಂಘದ ಕಾರ್ಯಕ್ಷೇತ್ರವು ಸುಮಾರು 50 ಕಿ.ಮೀ. ವ್ಯಾಪ್ತಿಯನ್ನು ಒಳಗೊಂಡಿರುತ್ತದೆ. ಸದರಿ ಸಭೆಗೆ ಬರುವ ಜನರಿಗೆ ಅಡಚಣೆ ಆಗಬಾರದು ಅನ್ನುವ ದೃಷ್ಟಿಯಿಂದ ಸದರಿ ಸಭೆಯನ್ನು 12:00 ಗಂಟೆಯ ನಂತರ ಕರೆಯುವುದಾಗಬೇಕು ಮತ್ತು ವಿಚಾರಣೆ ಅವಧಿಯನ್ನು ಸುಮಾರು ಮೂರು ತಾಸುಗಳಷ್ಟು ಕಾಲಾವಕಾಶ ಕೊಡಬೇಕು ಅಂತಾ ವಿನಂತಿ.	ವಿದ್ಯುತ್ ದರ ಪರಿಷ್ಕರಣೆ ಅರ್ಜಿಯ ಬಗ್ಗೆ ಸಾರ್ವಜನಿಕ ವಿಚಾರಣೆ ಸಭೆಯ ದಿನಾಂಕ, ವೇಳೆ ಹಾಗೂ ಅವಧಿಯನ್ನು ಮಾನ್ಯ ಕರ್ನಾಟಕ ವಿದ್ಯುಚ್ಛಕ್ತಿ ನಿಯಂತ್ರಣ ಆಯೋಗ ನಿಗದಿಪಡಿಸುತ್ತದೆ.
	<b>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು:</b> ಆಯೋಗವು ಹು.ಗ್ರಾ.ವಿ.ಸ.ಸಂಘ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ.	
5		ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ ದಿನಾಂಕ 14-10-2022ರ ಪ್ರಕಾರ ವಿದ್ಯುತ್ ಗ್ರಾಹಕರ ಹಕ್ಕುಗಳನ್ನು ಸಂಘವು ಪಾಲಿಸುತ್ತಿದೆ. ಸದರಿ ವಿದ್ಯುತ್ ಗ್ರಾಹಕರ ಹಕ್ಕುಗಳನ್ನು ಸಂಘದ ಆಡಳಿತ ಮಂಡಳಿ ಬದಲಾಯಿಸಿರುವುದಿಲ್ಲ. ಸಂಘದ ವ್ಯಾಪ್ತಿಯಲ್ಲಿ ವಿದ್ಯುತ್ ಪರಿವರ್ತಕಗಳು ಕೆಟ್ಟು ಹೋದಲ್ಲಿ ನಿಯಮಾನುಸಾರ ಬದಲಾಯಿಸಲಾಗುತ್ತಿದೆ. ಸುಟ್ಟು ಹೋದ ವಿದ್ಯುತ್ ಪರಿವರ್ತಕಗಳ ಮೇಲೆ ಅನಧಿಕೃತ ವಿದ್ಯುತ ಜೋಡಣೆಗಳು ಕಂಡುಬಂದಲ್ಲಿ ಸಂಘದ ಹಿತದೃಷ್ಟಿಯಿಂದ ಅಂತಹ ಗ್ರಾಹಕರಿಗೆ ಅಧಿಕೃತ ಮಾಡಿಕೊಳ್ಳುವ ಸಲುವಾಗಿ ಅವರ ಮನವೊಲಿಸಲು ಪ್ರಯತ್ನಪಟ್ಟು ನಂತರ ಅಂತಹ ವಿದ್ಯುತ್ ಪರಿವರ್ತಕಗಳನ್ನು ಬದಲಾಯಿಸಲಾಗುತ್ತಿದೆ.
	<b>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು:</b> ಆಯೋಗವು ಹು.ಗ್ರಾ.ವಿ.ಸ.ಸಂಘ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ.	
6	ಸಂಘವು ಸನ್ 2003 ರಿಂದ ಜುಲೈ 2008ರ ಅವಧಿಯಲ್ಲಿ ನೀರಾವರಿ ಪಂಪುಸೆಟ್ ಗ್ರಾಹಕರ ವಿದ್ಯುತ ಬಿಲ್ಲು ಸುಮಾರು 39 ಕೋಟಿಯಷ್ಟು ಹಿಂದಕ್ಕೆ ಪಡೆದಿದ್ದನ್ನು ಮತ್ತು 2021-22 ಸಾಲಿನ ವಾರ್ಷಿಕ ಸರ್ವೆ ಸದಸ್ಯರ ಸಭೆಯ ವಿಷಯ ನಂ 8 ರಲ್ಲಿ ಮರು ವಿಚಾರಣೆ ಮಾಡುವ ಕುರಿತು ನಮೂದಿಸಿದ್ದು ಇದೆ. ಇದಕ್ಕೆ ಕರ್ನಾಟಕ ವಿದ್ಯುತ ನಿಯಂತ್ರಣ ಆಯೋಗವು ಸಂಘದ ಆಡಳಿತ ಮಂಡಳಿಯು 39 ಕೋಟಿ ಗಳನ್ನು ಹಿಂದಕ್ಕೆ ಪಡೆಯಲು ಮತ್ತು ಅದನ್ನು ಮರು ಬೇಡಿಕೆ ಮಾಡಲು ಮಾನ್ಯ ಆಯೋಗವು	ದಿನಾಂಕ 24-09-2011 ರಂದು ಜರುಗಿದ ವಾರ್ಷಿಕ ಮಹಾ ಸಭೆಯಲ್ಲಿ ಅನುಮೋದನೆ ಪಡೆದು ಸಂಘದ 2011-12 ನೇ ಸಾಲಿನ ಲೆಕ್ಕಪತ್ರಗಳಲ್ಲಿ ಪಂಪುಸೆಟ್ ಗ್ರಾಹಕರ ಬಾಕಿ ರೂ. 39,80,83,644.00 ಗಳನ್ನು ಹಿಂಪಡೆಯಲಾಗಿತ್ತು. ಆದರೆ ಮಾನ್ಯ ಕರ್ನಾಟಕ ವಿದ್ಯುಚ್ಛಕ್ತಿ ನಿಯಂತ್ರಣ ಆಯೋಗವು ಸದರಿ ಹಿಂಪಡೆದ ಮೊತ್ತವನ್ನು 2013 ನೇ ದರ ಆದೇಶ ರಲ್ಲಿ ಒಪ್ಪಿರುವುದಿಲ್ಲ. ಹಾಗೂ ಸರಕಾರದಿಂದಲೂ ಸದರಿ ಮೊತ್ತ ಸಂದಾಯವಾಗಿರುವುದಿಲ್ಲ. ಇದರಿಂದ ಸಂಘದ ಆರ್ಥಿಕ ಸ್ಥಿತಿಯ ಮೇಲೆ ಗಂಭೀರ ಪರಿಣಾಮ ಉಂಟಾಗಿರುತ್ತದೆ. ಅಲ್ಲದೇ ಒಂದು ವೇಳೆ ಸರಕಾರವು ಸದರಿ ಅವಧಿಯ ಮೊತ್ತವನ್ನು ಎಲ್ಲ ವಿದ್ಯುತ್

Sl. No.	Objections	Replies by HRECS
	ಮಂಜೂರು ಮಾಡಿದ ಬಗ್ಗೆ ಸ್ಪಷ್ಟೀಕರಣ ನೀಡಬೇಕು	ಸರಬರಾಜು ಕಂಪನಿಗಳಿಗೆ ನೀಡಿದಲ್ಲಿ ನಮ್ಮ ಸಂಘಕ್ಕೂ ಅನುಕೂಲವಾಗುತ್ತದೆ. ಕಾರಣ ಈ ವಿಷಯದ ಬಗ್ಗೆ ದಿ. 22-09-2022 ರಂದು ಜರುಗಿದ ವಾರ್ಷಿಕ ಮಹಾಸಭೆಯಲ್ಲಿ ಕೂಲಂಕುಷವಾಗಿ ಚರ್ಚಿಸಿ ಪಂಪುಸೆಟ್ ಗ್ರಾಹಕರ ಮೊತ್ತ ರೂ. 39,80,83,644.00 ಹಿಂಪಡೆದುಕೊಂಡದ್ದನ್ನು ಮರು ಬೇಡಿಕೆ ಮಾಡಲು ಅನುಮೋದನೆ ಪಡೆದು ಸದರಿ ಮೊತ್ತವನ್ನು ಸಂಘದ 2022-23 ನೇ ಸಾಲಿನ ಲೆಕ್ಕ ಪತ್ರಗಳಲ್ಲಿ ಮರು ಬೇಡಿಕೆ ಮಾಡಲಾಗಿದೆ. ಹಾಗೂ ದಿ. 21-09-2023ರ ವಾರ್ಷಿಕ ಮಹಾ ಸಭೆಯಲ್ಲಿ ಹಿಂದಿನ ಸಭೆಯ ನಡುವಳಿಕೆಗಳಿಗೆ ಓದಿ ಒಪ್ಪಿಗೆ ಪಡೆಯಲಾಗಿದೆ.
	<b>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು:</b> ಆಯೋಗವು ಹು.ಗ್ರಾ.ವಿ.ಸ.ಸಂಘ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ. ಮೇಲಿನ ವಿಷಯವನ್ನು ಸಂಬಂಧಪಟ್ಟ ಅಧ್ಯಾಯದಲ್ಲಿ ಚರ್ಚಿಸಲಾಗಿದೆ.	
7	ಸಂಘವು ತನ್ನ ಖಾಯಂ ನೌಕರರಿಗೆ ಕೆಪಿಟಿಸಿಎಲ್/ಹೆಸ್ಟಾಂ ನೌಕರರಿಗೆ ಕೊಡುವ ವೇತನ ತುಟ್ಟಿ ಭತ್ಯೆಗಳನ್ನು ನೀಡುತ್ತಾ ಬಂದಿರುತ್ತದೆ ಆದರೆ 2003 ರಿಂದ ಮೇ 2012ರವರೆಗೆ ಕರ್ನಾಟಕ ವಿದ್ಯುಚ್ಛಕ್ತಿ ನಿಯಂತ್ರಣ ಆಯೋಗವು ಪ್ರತಿ ವರ್ಷ ವಿದ್ಯುತ್ ದರ ಪರಿಷ್ಕರಣ ವೇಳೆಯಲ್ಲಿ ನೌಕರರ ವೆಚ್ಚವನ್ನು ನಿಗದಿಪಡಿಸಿರುತ್ತದೆ. ಅದೇ ಪ್ರಕಾರ ಸಂಘವು ತನ್ನ "ಆಡಾವೆ ಪತ್ರಿಕೆಯಲ್ಲಿ" ನೌಕರರಿಗೆ ಕೊಡತಕ್ಕ ಪಗಾರ ವಸೂಲಿ ಅಂತಾ ಲೆಕ್ಕ ಪತ್ರದಲ್ಲಿ ತೋರಿಸಿದ್ದು ಆದರೆ ಅದನ್ನು ನೌಕರರಿಗೆ ಕೊಟ್ಟಿರುವುದಿಲ್ಲ, ಆದರೆ ಸಂಘವು ವಿದ್ಯುತ್ ಬಲ್ಲಿನಲ್ಲಿ ವಿದ್ಯುತ್ ಗ್ರಾಹಕರಿಂದ ವಸೂಲಿ ಮಾಡಿದ್ದು ಇರುತ್ತದೆ. ಈ ವಿಷಯದ ಕುರಿತು ಪುರಾವೆಗಾಗಿ ಮಾನ್ಯ ಸಹಕಾರ ಸಂಘಗಳ ನಿಬಂಧಕರ ಕಚೇರಿ ನಂ 1 ಅಲಿ ಅಸ್ಮರ ರಸ್ತೆ ಬೆಂಗಳೂರು ಇವರ ಆದೇಶ ಸಂಖ್ಯೆ ಓಟಿಎಸ್-2/221/ಎಚ್ ಓ ಟಿ/2020-21 ದಿನಾಂಕ 21-02-2022 ರಲ್ಲಿಯ ಪ್ರಸ್ತಾವನೆಯ ಪ್ರಕಾರ ನಂ. 5 ರಲ್ಲಿ "ಸಂಘದ ಮೂಲಕ ವಿದ್ಯುತ್ ಮೀಟರ್‌ಗಳ ಜೋಡಣೆಗಳ ಆಧಾರದ ಮೇಲೆ ಸಂಘವು ಮಾರಾಟ ಮಾಡುವ ವಿದ್ಯುತ್ ದರ ಮತ್ತು ಸಿಬ್ಬಂದಿ ವೆಚ್ಚಗಳನ್ನು ಕರ್ನಾಟಕ ವಿದ್ಯುಚ್ಛಕ್ತಿ ನಿಯಂತ್ರಣ ಆಯೋಗವು ನಿಗದಿಪಡಿಸುತ್ತದೆ. ಸಂಘವು ವಿದ್ಯುತ್ ಮಾರಾಟ ಮಾಡುವುದರಿಂದ ಪ್ರತಿ ಯೂನಿಟ್ ವಿದ್ಯುತ್ ಮಾರಾಟದಿಂದ ಗ್ರಾಹಕರಿಂದಲೇ ಸಿಬ್ಬಂದಿ ವೆಚ್ಚವನ್ನು ಸಂಗ್ರಹಿಸಲಾಗುತ್ತದೆ" ಅಂತಾ ನಮೂದಿಸಿದ್ದು ಸರಿ ಇರುತ್ತದೆ. ಅಂದರೆ 2003 ರಿಂದ ಮೇ 2012ರ ವರೆಗೆ ವಿದ್ಯುತ್ ಗ್ರಾಹಕರಿಂದ ಸಂಘವು ವಸೂಲು ಮಾಡಲಾದ ಸಿಬ್ಬಂದಿವೆಚ್ಚವನ್ನು ಗ್ರಾಹಕರಿಗೆ ಮರು ಪಾವತಿ ಮಾಡಲು ಆಯೋಗವು	ಸಂಘವು ತನ್ನ ನೌಕರರಿಗೆ 01-06-2012 ರಿಂದ ಪರಿಷ್ಕೃತ ವೇತನವನ್ನು ಮಂಜೂರು ಮಾಡಿದ್ದು, ಅದಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಶೇಕಡಾ 76.75 ತುಟ್ಟಿ ಭತ್ಯೆಯನ್ನು ಜೂನ್-2012 ರಿಂದ ಅಡಾವೆ ಪತ್ರಿಕೆಯಲ್ಲಿ ಅವಕಾಶ ಮಾಡಿಕೊಂಡಿದ್ದು, ಮಾನ್ಯ ಕರ್ನಾಟಕ ವಿದ್ಯುಚ್ಛಕ್ತಿ ನಿಯಂತ್ರಣ ಆಯೋಗವು ಸಹ 2014 ರ ದರ ಆದೇಶದಲ್ಲಿ ಸದರಿ ವೆಚ್ಚಕ್ಕೆ ಅನುಮೋದನೆ ನೀಡಿರುತ್ತದೆ. ಅದರಂತೆ ನಿಬಂಧಕರು ಸಹಕಾರ ಸಂಘಗಳು ಬೆಂಗಳೂರು ಇವರ ಮಂಜೂರಿ ಆದೇಶ ಸಂಖ್ಯೆ ಓಟಿಎಸ್-2/221 ಹೆಚ್ ಓ ಟಿ /2020-21/21-02-22 ಹಾಗೂ ಓಟಿಎಸ್-2/221 ಹೆಚ್ ಓ ಟಿ /2020-21/04-06-22 ಗಳ ಮೇರೆಗೆ 01-06-2012 ರಿಂದ ಅನ್ವಯಿಸಿ ಸಂಬಂಧಿಸಿದ ಸಿಬ್ಬಂದಿಗೆ ಪಾವತಿಸಲಾಗಿದೆ. ಕೆಲವು ನಿವೃತ್ತ ಸಿಬ್ಬಂದಿ ನ್ಯಾಯಾಲಯಗಳಲ್ಲಿ ವ್ಯಾಜ್ಯ ಹೂಡಿದ್ದು ಸಹಕಾರ ಇಲಾಖಾ ನ್ಯಾಯಾಲಯಗಳಲ್ಲಿ ವ್ಯಾಜ್ಯಗಳು ಸಂಘದ ಪರವಾಗಿ ಆದೇಶವಾಗಿರುತ್ತವೆ. 12 ಪ್ರಕರಣಗಳು ಮಾತ್ರ ಮಾನ್ಯ ಕರ್ನಾಟಕ ಉಚ್ಚ ನ್ಯಾಯಾಲಯದಲ್ಲಿ ಚಾಲ್ತಿ ಇರುತ್ತವೆ. ಮಾನ್ಯ ನ್ಯಾಯಾಲಯದ ಆದೇಶದಂತೆ ಕ್ರಮವಹಿಸಲಾಗುವುದು.

Sl. No.	Objections	Replies by HRECS
	ನಿರ್ದೇಶನ ನೀಡಬೇಕು. ಈಗ ಸಂಘವು ವಿನಂತಿ ಮಾಡಿದ ವಿದ್ಯುತ್ ದರ ಪರಿಷ್ಕರಣೆಯನ್ನು ಮಾಡಬಾರದು.	
	<b>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು:</b> ಆಯೋಗವು ಹು.ಗ್ರಾ.ವಿ.ಸ.ಸಂಘ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ.	
8	<p>ಸಂಘದಲ್ಲಿ ಆರ್.ಇ.ಸಿ. ತಜ್ಞರು, ಜಕಾತಿ ಸಲಹೆಗಾರರು ಹಾಗೂ ಸಂಘದ ಸಲಹೆಗಾರರಾದ ಶ್ರೀ ವಿ.ಜಿ. ಪಂಡಿತ್ ಅವರು ಬೆಂಗಳೂರಿನಿಂದ ಹುಕ್ಕೇರಿಗೆ ವಿಮಾನದಲ್ಲಿ ಬಂದು ಸಲಹೆ ಕೊಟ್ಟರೂ ಈ ರೀತಿ ನೂನ್ಯತೆಗಳು ಹಾಗೂ ಹಾನಿಯು ಸಂಘದಲ್ಲಿ ಏಕೆ ಕಂಡು ಬರುತ್ತವೆ. ನಾವು ಹೊರಗೆ ಇದ್ದು ಈ ತಪ್ಪುಗಳು ನಮಗೆ ಕಂಡು ಬರುತ್ತವೆ. ಆದರೆ ಸಂಘದಲ್ಲಿ ಇರುವ ಅಧಿಕಾರಿಗಳಿಗೆ ಏಕೆ ಕಂಡು ಬರುವುದಿಲ್ಲ? ಇದರಿಂದ ಆರ್ಥಿಕ ತಜ್ಞರಿಂದ ಸಂಘಕ್ಕೆ ಏನೂ ಪ್ರಯೋಜನ ಕಂಡು ಬರುವುದಿಲ್ಲ. ಬರುವ ಸಾಲಿನಲ್ಲಿ ಅವರನ್ನು ಕೈ ಬಿಟ್ಟು ಬೇರೆಯವನ್ನು ನಿಯಮಿಸಿಕೊಳ್ಳುವುದು ಒಳ್ಳೆಯದು. ಸಂಘದ ಹಿತ ದೃಷ್ಟಿಯಿಂದ ಉತ್ತಮ. ಮೇಲಿನ ವಿಷಯಗಳಲ್ಲಿ ಕೆಲವೊಂದು ವಿಷಯಗಳ ಮೇಲೆ ನಾವು ಕೋರ್ಟಿಗೆ ಹೋಗುವುದರಿಂದಲೇ. ಆದ್ದರಿಂದ ಸಂಘದವರು ಸರಿಯಾಗಿ ಅಂಕಿ-ಸಂಖ್ಯೆ ನೀಡಬೇಕು. ಇಲ್ಲವಾದಲ್ಲಿ ಮುಂದೆ ಆಗುವ ಸಮಸ್ಯೆಗಳಿಗೆ ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು ಹಾಗೂ ಆಡಳಿತ ಮಂಡಳಿಯ ಸದಸ್ಯರೇ ಹೊಣೆಗಾರರಾಗ ಬೇಕಾಗುತ್ತದೆ</p>	<p>ಸಂಘವು ಪ್ರಸಕ್ತ ಸಾಲಿನಲ್ಲಿ ಯಾವದೇ ಸಲಹೆಗಾರನನ್ನು ನೇಮಿಸಿಕೊಂಡಿರುವುದಿಲ್ಲ.</p>
	<b>ಆಯೋಗದ ಅಭಿಪ್ರಾಯಗಳು:</b> ಆಯೋಗವು ಹು.ಗ್ರಾ.ವಿ.ಸ.ಸಂಘ ನೀಡಿದ ಉತ್ತರವನ್ನು ಗಮನಿಸಿದೆ.	

Proposed and Approved Revenue, Average Tariff and Level of Cross Subsidy for FY25							ANNEXURE-1		
HRECS							8.04	8.26 7.51	7.80
Tariff	PARTICULARS	As Proposed		@ Approved as per RST			Level of Cross Subsidy (%)		
		Energy Sales (MU)	Revenue (Rs.in Crores)	Energy Sales (MU)	Revenue (Rs.in Crores)	Avg. Tariff (Rs./Unit)	W.R.T.(#3) ACS	W.R.T.(#3) LT & HT Voltage	W.R.T.(#3) EHT Voltage
LT-1 (#1)	Domestic	40.78	36.11	38.95	32.75	8.41	4.60%	1.82%	
LT-2 (#2)	Pvt. Educational Institutions and Hospitals, etc.	0.24	0.31	0.24	0.30	12.50	55.47%	51.33%	
LT-3a	Commercial	11.82	12.54	11.82	11.62	9.83	22.26%	19.01%	
LT-3b	Commercial- Advertisement and Hoardings								
LT-4(a)	Irrigation Pump Sets <=10 HP	300.56	177.63	232.91	179.34	7.70	-4.23%	-6.78%	
LT-4(b)	Irrigation Pump Sets >10 HP	0.15	0.10	0.15	0.09	6.00	-25.37%	-27.36%	
LT-4c	Pvt. Nurseries, Coffee / Tea Plantations, etc.	0.01	0.01	0.01	0.01	0.01			
LT-5	Industrial	6.25	7.23	6.25	6.44	10.30	28.11%	24.70%	
LT-6(a)	Water Supply	6.39	4.98	6.29	4.73	7.52	-6.47%	-8.96%	
LT-6(b)	Public Lighting	3.34	2.81	3.34	2.71	8.11	0.87%	-1.82%	
LT-6(c)	EV Charging Stations								
LT-7	Temporary Power Supply	0.16	0.23	0.16	0.21	13.13	63.31%	58.96%	
<b>LT-Total</b>		<b>369.70</b>	<b>241.95</b>	<b>300.12</b>	<b>238.20</b>	<b>7.94</b>	<b>-1.24%</b>	<b>-3.87%</b>	
HT-1	Water Supply & Sewerage pumping	8.23	5.82	8.23	5.80	7.05	-12.31%	-6.13%	-9.62%
HT-2(a)	Industrial	143.25	121.06	107.43	85.46	7.95	-1.12%	5.86%	1.92%
HT-2(b)	Commercial	0.37	0.52	0.27	0.39	14.44	79.60%	92.28%	85.13%
HT-2c(i)	Govt. Educational Institutions and Hospitals, etc.	0.19	0.26	0.19	0.25	13.02	61.94%	73.37%	66.92%
HT-2c(ii)	Pvt. Educational Institutions and Hospitals, etc.	0.39	0.40	0.39	0.37	9.54	18.66%	27.03%	22.31%
HT-3 (#3)	Lift Irrigation consumers-Private			0.27	0.09	3.33	-58.58%	-55.66%	-57.31%
<b>HT-7(NEW)</b>	Lift Irrigation consumers - Government	4.70	2.74	4.98	3.36	6.75	-16.04%	-10.12%	-13.46%
HT-4	Residential Apartments								
HT-5	Temporary Power Supply	1.35	2.01	1.35	1.55	11.48	42.79%	52.86%	47.18%
HT-6	Irrigation/ Agricultural / Govt. Horticultural Farms								
<b>HT-Total</b>		<b>158.48</b>	<b>132.81</b>	<b>123.11</b>	<b>97.27</b>	<b>7.90</b>	<b>-1.74%</b>	<b>5.19%</b>	<b>1.28%</b>
	Miscellaneous	-	5.46	-	4.93				

<b>GRAND TOTAL</b>	<b>528.19</b>	<b>380.22</b>	<b>423.23</b>	<b>340.39</b>	<b>8.04</b>
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- (#1) Earlier LT-1 (BJ/KJ) and LT-2a is merged and renumbered as LT-1  
 (#2) Earlier LT-2b is renumbered as LT-12  
 (#3) Avg. Cost of Supply: 8.04, Voltage Class wise Cost of Supply per unit LT:8.26, HT:7.51, EHT:7.80 per unit

- (#3) HT-3 category is bifurcated into Pvt. and Govt. Lift Irrigations installations,  
 HT-7 will indicate Govt. Installations

## **ANNEXURE - II**

### **ELECTRICITY TARIFF - 2025**

**K.E.R.C. ORDER DATED: 28<sup>th</sup> FEBRUARY 2024**

**Effective for the Electricity consumed from the first meter  
reading date falling on or after 01.04.2024**

**Hukeri  
Rural Electric Co-Operative Society Ltd.,**

**ELECTRICITY TARIFF-2025****GENERAL TERMS AND CONDITIONS OF TARIFF:****(APPLICABLE TO BOTH HT AND LT)**

1. The supply of power is subject to execution of agreement by the Consumer in the prescribed form, payment of prescribed deposits and compliance of terms and conditions as stipulated in the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and Regulations issued under the Electricity Act, 2003 and compliance of all other Regulations issued / amended from time to time.
2. The tariffs are applicable to only single point of supply unless otherwise approved by the Licensee.
3. The Licensee does not bind himself to energize any installation, unless the Consumer guarantees the payment of minimum charges. The minimum charges are the power supply charges, in accordance with the tariff in force from time to time. This shall be payable by the Consumer until the power supply agreement is terminated, irrespective of the installation being in service or under disconnection.
4. The tariffs in the schedule are applicable to supply of power within the area of operation of the licensee.
5. The tariffs are subject to levy of Tax and Surcharges thereon as may be decided by the State Government, from time to time.
6. For the purpose of these tariffs, the following conversion factor would be used:  
1 HP=0.746 KW. 1HP=0.878 KVA.
7. The bill amount will be rounded off to the nearest Rupee, i.e., the bill amount of 50 Paise and above will be rounded off to the next higher Rupee and the amount less than 50 Paise will be ignored.

8. Use of power for temporary illumination in the premises already having permanent power supply for marriages, exhibitions in hotels, sales promotions etc., is limited to sanctioned load at the applicable permanent power supply tariff rates. Temporary tariff rates will be applicable in case the load exceeds sanctioned load as per the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
9. **LT power supply can be given where the requisitioned load is less than 150 kw / 201 HP.** The applicant is however at liberty to avail HT supply for lesser loads. The minimum contract demand for HT supply shall be 25 KVA or as amended from time to time by the Licensee with the approval of KERC.
10. The Consumer shall not resell electricity purchased from the Licensee to a third party except:
- Where the Consumer holds a sanction or a tariff provision for distribution and sale of energy.
  - Under special contract permitting the Consumer for resale of energy in accordance with the provisions of the contract.
11. Non-receipt of the bill by the Consumer is not a valid reason for non-payment of bills. If the bill is not received within 7 days from the meter reading date, the Consumer shall notify the licensees' office, which issues the bill. Otherwise, it will be deemed that the bills have reached the Consumer in due time.
12. The Licensee will levy the following charges for non-realization of each Cheque.

1	Cheque amount up to Rs. 10,000	5% of the amount subject to a minimum of Rs.100
2	Cheque amount of Rs. 10,001 and up to Rs. 1,00,000	3% of the amount subject to a minimum of Rs.500
3	Cheque amount above Rs. 1 Lakh:	2% of the amount subject to a minimum of Rs.3000

13. In respect of power supply charges paid by the Consumer through money order, Cheque /DD sent by post, receipt will be drawn and the Consumer has to collect the same.

14. In case of any belated payment, simple interest at the rate of 1% per month will be levied on the actual No. of days of delay subject to a minimum of Re.1 for LT installation and Rs.100 for HT installation. No interest is however levied for arrears of Rs.10 and less.
15. All LT Consumers, except Bhagya Jyothi and Kutir Jyothi Consumers, shall provide current limiter/Circuit Breakers of capacity prescribed by the Licensee depending upon the sanctioned load.
16. All payments made by the Consumer will be adjusted in the following order of priority: -
  - (a) Interest on arrears of Electricity Tax
  - (b) Arrears of Electricity Tax
  - (c) Arrears of Interest on Electricity charges
  - (d) Arrears of Electricity charges
  - (e) Current month's dues
17. For the purpose of billing,
  - (i) the higher of the rated load or sanctioned load in respect of LT installations which are not provided with Electronic Tri-Vector meter,
  - (ii) sanctioned load or MD recorded, whichever is higher, in respect of installations provided with static meter or Electronic Tri-Vector meter or static meter, will be considered.

Penalty and other clauses shall apply if the sanctioned load is exceeded.
18. The bill amount shall be paid within 15 days from the date of presentation of the bill failing which the interest becomes payable.
19. In view of introduction of single slab for energy charges, the LT consumers may avail multiple connections to their premises.
20. In case of multiple connections in a building, all the meters shall be provided at one easily accessible place in the ground floor.
21. **Reconnection charges:** The following reconnection charges shall be levied in case of disconnection and included in the monthly bill.



For reconnection of:

a	Single Phase Domestic installations under Tariff schedule LT 1 & LT2 (a)	Rs.20 per Installation.
b	Three Phase Domestic installations under Tariff schedule LT2 (a) and Single Phase Commercial & Power installations.	Rs.50 per Installation.
c	All LT installations with 3 Phase supply other than LT2 (a)	Rs.100 per Installation.
d	All HT& EHT installations	Rs.500 per Installation.

22. Revenue payments upto and inclusive of Rs.10,000 shall be made by cash or cheque or D.D and payments above Rs.10,000 shall be made by cheque or D.D only. Payments under other heads of account shall be made by cash or D.D, Bankers Cheque up to and inclusive of Rs.10,000 and payment above Rs.10,000 shall be by D.D or Bankers Cheque only.

Note: The Consumers can avail the facility of payment of monthly power supply bill through Electronic clearing system (ECS)/ Debit / Credit cards / RTGS/ NEFT/ Net Banking through ESCOMs/ Bank/ Bangalore One and Karnataka One website, on-line E-Payment / Digital mode of payments as per the guidelines issued by the RBI wherever such facility is provided by the Licensee in respect of revenue payments up to the limit prescribed by the RBI.

23. If any of installations is not covered under any Tariff schedule, the Licensee is permitted to classify such installations under appropriate Tariff schedule under intimation to the K.E.R.C and approval thereon.

24. **Seasonal Industries**

**Applicable to all Seasonal Industries.**

- The industries that intend to avail this benefit shall have Electronic Tri- Vector Meter installed to their installations.
- 'Working season' months and 'off-season' months shall be determined by an order issued by the Executive Engineer of the concerned O&M Division of

the Licensee as per the request of the Consumer and will continue from year to year unless otherwise altered. The Consumer shall give a clear one month's notice in case he intends to change his 'working season'.

iii) **The consumption during any month of the declared off-season shall not be more than 25% of the average consumption of the previous working season.**

iv) The 'Working season' months and 'off-season' months shall be full-calendar months. If the power availed during a month exceeds the allotment for the 'off-season' month, it shall be taken for calculating the billing demand as if the month is the 'working season' month.

v) The Consumer can avail the facility of 'off-season' up to six months in a calendar year not exceeding in two spells in that year. During the 'off-season' period, the Consumer may use power for administrative offices etc., and for overhauling and repairing plant and machinery.

25. Whether an institution availing Power supply can be considered as charitable or not will be decided by the Licensee on the production of certificate **Form-10AC** from the Income Tax department.

26 **Time of the Tariff (ToD)**

The Commission as decided in the earlier tariff orders, decides to continue compulsory Time of Day Tariff for HT2 (a), HT2 (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), HT2 (b) and HT 2(C) consumers with contract demand of less than 500 KVA. Also the ToD for HT1 consumers on optional basis would continue as existing earlier. **The ToD tariff for the HT installations using the power for charging the Electric Motor Vehicle in the depots of BMTC / KSRTC/ NEKRTC / NWKRTC on optional basis is also applicable.** Details of ToD tariff are indicated under the respective tariff category. **The ToD tariff is not applicable to BMRCL and Railway Traction installations.**

**The TOD tariff penalty / incentive in all the cases is applicable for the period specified by the Commission in the Tariff Order.**

27. **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, has 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. In view of issue of the G.O No.CI2 BIF 2010, dated 21.10.2010, the Commission has accorded approval to 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).

28. **Incentive for Prompt Payment / Advance Payment:**

An incentive at the rate of 0.25% of such bill shall be given to the following Consumers by way of adjustment in the subsequent month's bill:

- (i) In the case of monthly bills exceeding Rs.1,00,000 (Rs. One lakhs), if the payment is made 10 days in advance of the due date.
- (ii) Advance payment exceeding Rs.10000 made by the Consumers towards monthly bills.

The Commission decides to continue the above incentive.

**Note: The incentive for payment through ECS is discontinued.**

29. Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka and amendments issued thereon from time to time and Regulations issued under the Electricity Act, 2003 will prevail over the extract given in this tariff book in the event of any discrepancy.

30. **Self-Reading of Meters:**

The Commission has approved Self-Reading of Meters by Consumers and issue of bills by the Licensee based on such readings and the Licensee shall take the reading at least once in six months and reconcile the difference, if

any and raise the bills accordingly. This procedure may be implemented by the Licensee as stipulated under Clause 26.01 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

In view of the introduction of single slab system for energy charges to LT consumers, the Commission decides to encourage the willing consumers to avail facility of self-reading of meters. Hence, the Licensees shall develop modalities for implementation of facility of self-reading through digitized modes, with effect from 01.04.2024.

31. **Metering for 400 Volts, 3 phase supply with requisition load above 50 kw to 150 kw:**

**The accuracy class** of metering for arranging power supply to consumers at Low Tension for loads between 50 KW to 150 KW shall be the same as prescribed for HT consumers.

The metering arrangement for consumers availing load between 50 KW to 150 KW at low tension shall be strictly arranged using a metering cubicle similar to that of a HT metering arrangement.

# **ELECTRICITY TARIFF-2025**

## **PART-I**

### **LOW TENSION SUPPLY**

**(400 Volts Three Phase and  
230 Volts Single Phase Supply)**

**CONDITIONS APPLICABLE TO BILLING OF LT INSTALLATIONS:**

1. In the case of LT Industrial / Commercial Consumers, **Demand Based Tariff** at the option of the Consumer, can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load, or Maximum Demand recorded in the Tri-Vector Meter during the month, whichever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.
2. Use of power within the Consumer premises for bonafide temporary purpose is permitted, subject to the conditions that, total load of the installation on the system does not exceed the sanctioned load.
3. Where it is intended to use power supply temporarily, for floor polishing and such other portable equipment, in a premises having permanent power supply, such equipment shall be provided with earth leakage circuit breakers of adequate capacity.
4. The laboratory installations in educational institutions are allowed to install connected machineries up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.
5. Besides combined lighting and heating, electricity supply under tariff schedules LT2 (a) & LT2 (b), can be used for Fans, Televisions, Radios, Refrigerators and other household appliances, including domestic water pumps and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air-conditioner load, the Consumer shall be served with a notice to merge this load, and to have a single meter for the entire load. Till such time, the air conditioner load will be billed under Commercial Tariff.
6. **Bulk LT supply:**  
If power supply for lighting / combined lighting & heating {LT 2(a)}, is availed through a bulk Meter for group of houses belonging to one Consumer, (i.e. where bulk LT supply is availed), the billing for energy shall be done at the slab

rate for energy charges matching the consumption obtained, by dividing the bulk consumption by number of houses. In addition, fixed charges for the entire sanctioned load shall be charged as per Tariff schedule.

7. A rebate of 25 Paise per unit will be given for the House/ School/Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres under Tariff schedule LT 2(a).

8. **SOLAR REBATE: The Solar Rebate of 50 Paise per unit of electricity consumed subject to a maximum of Rs.50/- per installation per month hitherto allowed to tariff schedule LT-2(a) is discontinued.**

9. A rebate of 20% on fixed charges and energy charges will be allowed in the monthly bill in respect of public Telephone booths having STD/ISD/ FAX facility run by handicapped people, under Tariff schedule LT 3.

10. A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.

11. **Power Factor (PF):**

Capacitors of appropriate capacity shall be installed in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, in the case of installations covered under Tariff category LT 3, LT4, LT 5, & LT 6, where motive power is involved.

- (i) The specified P.F. is 0.85. If the PF is found to be less than 0.85 Lag, a surcharge of 2 Paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.85 Lag. In respect of LT installations, however, this is subject to a maximum surcharge of 30 Paise per unit.
- (ii) The power factor when computed as the ratio of KWh/KVAH will be determined up to 3 decimals (ignoring figures in the other decimal places) and then rounded off to the nearest second decimal as illustrated below:

- (a) 0.8449 to be rounded off to 0.84
    - (b) 0.8451 to be rounded off to 0.85
  - (iii) In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes.
  - (iv) During inspection, if the capacity of capacitors provided is found to be less than what is stipulated in Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, a surcharge of 30 Paise/unit will be levied in the case of installations covered under Tariff categories LT 3, LT 5, & LT 6 where motive power is involved.
  - (v) In the case of installations without electronic Tri-vector meters even after providing capacitors as recommended in Clause 23.01 and 23.03 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, if during any periodical or other testing / rating of the installation by the Licensee, the PF of the installation is found to be lesser than 0.85, a surcharge determined as above shall be levied from the billing month following the expiry of Three months' notice given by the Licensee, till such time, the additional capacitors are installed and informed to the Licensee in writing by the Consumer. This is also applicable for LT installations provided with electronic Tri-vector meters.
12. All new IP set applicants shall fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka before taking service.
13. All the existing IP set Consumers shall also fix capacitors of adequate capacity in accordance with Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, failing which, PF **surcharge at the rate of Rs.100 per HP/ year** shall be levied. If the capacitors are found to be removed / not installed, a penalty at the same rate as above (Rs. 100/-per HP / Year) shall be levied.



14. The Semi-permanent cinemas having Semi-permanent structure, with permanent wiring and licence of not less than one year, will be billed under commercial tariff schedule i.e., LT 3.
15. Touring cinemas having an outfit comprising cinema apparatus and accessories, taken from place to place for exhibition of cinematography films and also outdoor shooting units, will be billed under Temporary Tariff schedule i.e., LT 7.
16. The Consumers under IP set tariff schedule, shall use the energy only for pumping water to irrigate their own land as stated in the IP set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under appropriate Industrial / Commercial tariff, based on the recorded consumption, if available, or on the consumption computed as per the Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
17. The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to animals, birds, Poultry farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.
18. The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, **arecanut cutting** etc., with the approval of the Licensee. The energy used for such operation shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. However, if the energy used both for IP Set and alternative operation, is measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month, as per the IP sample meter readings for the sub division, as certified by the sub-divisional Officer.
19. The IP Consumer is permitted to use energy for lighting the pump house and well limited to two lighting points of 40 Watts each.

20. Billing shall be made at least once in a quarter year for all IP sets.
21. In the case of welding transformers, the connected load shall be taken as:  
a) Half the maximum capacity in KVA as per the nameplate specified under IS: 1851

OR

- b) Half the maximum capacity in KVA as recorded during the rating by the Licensee, whichever is higher.
22. Electricity under Tariff LT 3 / LT 5 can also be used for Lighting, Heating and Air-conditioning, Yard-Lighting, water supply in the respective of premises of Commercial / Industrial Units.
23. **LED fittings** shall be provided by the Licensee for the Streetlights in the case of villages covered under the Licensee's electrification programme for initial installation.

**In all other cases, the entire cost of fittings including Brackets, Clamps, etc., and labour for replacement, additions and modifications shall be met by the organizations making such a request. Labour charges shall be paid at the standard rates fixed by the Licensee for each type of fitting.**

24. Lamps, fittings and replacements for defective components of fittings shall be supplied by the concerned Village Panchayaths, Town Panchayaths or Municipalities for replacement.
25. Fraction of KW / HP shall be rounded off to the nearest quarter KW / HP for purpose of billing and the minimum billing being for 1 KW / 1HP in respect of all categories of LT installations including I.P. sets. **In the case of street lighting installations, fraction of KW shall be rounded off to nearest quarter KW for the purpose of billing and the minimum billing shall be quarter KW.**

## **26. Seasonal Industries.**

- a) The industries which intend to utilize seasonal industry benefit, shall comply with the conditionality specified under Para no. 24 of the General terms and conditions of tariff (applicable to both HT & LT).

- b) The industries that intend to avail this benefit shall have Electronic Tri-Vector Meter fitted to their installation.
- c) **Monthly charges during the seasonal months shall be fixed charges and energy charges. The monthly charges during the off seasonal months shall be the energy charges plus 25% of the applicable fixed charges.**

**TARIFF SCHEDULE LT-1**

**LT-1:** Applicable to lighting/combined lighting, heating and motive Power installations of residential houses, including the installations serviced under Bhagyajyothi / Kutirjyothi scheme and also to such houses where a portion is used by the occupant for (a) Handloom weaving (b) Silk rearing and reeling and artisans using motors up to 200 watts (c) Consultancy in - (i) Engineering (ii) Architecture (iii) Medicine (iv) Astrology (v) Legal matters (vi) Income Tax (vii) Chartered Accountants (d) Job typing (e) Tailoring (f) Post Office (g) Gold smithy (h) Chawki rearing (i) Paying guests/Home stay guests (j) personal Computers (k) Dhobis (l) Hand operated printing press (m) Beauty Parlours (n) Water Supply installations, Lift which is independently serviced for bonafide use of residential complexes/residence, (o) Farm Houses and yard lighting limiting to 120 Watts, (p) Fodder Choppers & Milking Machines with a connected load upto 1 HP.

Also applicable to the installations of (i) Hospitals, Dispensaries, Health Centres run by State/Central Govt. and local bodies; (ii) Houses, schools and Hostels meant for handicapped, aged, destitute and orphans; (iii) Rehabilitation Centres run by charitable institutions, AIDS and drug addicts Rehabilitation Centres; (iv) Railway staff Quarters with single meter (v) fire service station offices.

It is also applicable to the installations of (a) Temples, Mosques, Churches, Gurudwaras, Ashrams, Mutts and religious/Charitable institutions; (b) Hospitals, Dispensaries and Health Centres run by Charitable institutions including X-ray units; (c) Jails and Prisons (d) Schools, Colleges, Educational institutions run by State/Central Govt./Local Bodies; (e) Seminaries; (f) Hostels run by the Government, Educational Institutions, Cultural, Scientific and Charitable Institutions (g) Guest Houses/Travellers Bungalows run in Government buildings or by State/Central Govt./Religious/Charitable institutions; (h) Public libraries; (i) Museums; (j) Installations of Historical Monuments of Archaeology Departments;(k) Public Telephone Booths without STD/ISD/FAX facility run by handicapped people; (l) Sulabh / Nirmal Souchalayas; (m) Viswa Sheds having Lighting Loads only; (n) Gaushalas.

<b>LT-1: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW /Month:</b>	
Per KW Upto 50 KW	Rs.120/-
For every additional KW above 50 KW	Rs.210/-
<b>Energy Charges per kWh:</b>	
For entire consumption	590 paise
Note:	
(i) <b>Rural Rebate of 30 paise per unit for the category is discontinued from 01.04.2024.</b>	
(ii) Temples, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious / Charitable Institution availing the power supply for religious activities under LT supply, shall be categorized and billed under this Tariff schedule. If these institutions use the power for Kalyana Mantapas / Marriage hall, Restaurant or for any other commercial activity, not related to religious activities, such energy consumption shall be billed under LT-3 tariff schedule.	

## **TARIFF SCHEDULE LT-2**

**LT-2:**      **Applicable to the installations of Private Professional and other Private Educational Institutions including aided, unaided institutions, Nursing Homes and Private Hospitals having only lighting or combined lighting & heating, and motive power.**

<b>LT-2: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.180/-
For every additional KW above 50 KW	Rs.250/-
<b>Energy Charges per kWh:</b>	
For entire consumption	725 paise / Unit
Note:	
<b>A rebate of 30 paise per unit shall be allowed to the consumers falling under village panchayat areas.</b>	

**Note: [Applicable to LT-2 (a), LT-2 (b) Tariff Schedules]**

1. A rebate of 25 paise per unit shall be given for installation of a house/ School/ Hostels meant for Handicapped, Aged, Destitute and Orphans, Rehabilitation Centres run by Charitable Institutions.
2. (a) Use of power within the consumer's premises for temporary purposes for bonafide use is permitted subject to the condition that, the total load of the installation on the system does not exceed the sanctioned load.

- (b) Where it is intended to use floor polishing and such other portable equipment temporarily, in the premises having permanent supply, such equipment shall be provided with an earth leakage circuit breaker of adequate capacity.
3. The laboratory installations in educational institutions are allowed to install connected machinery up to 4 times the sanctioned load. The fixed charges shall however be on the basis of sanctioned load.
  4. Besides lighting and heating, electricity supply under this schedule can be used for fans, Televisions, Radios, Refrigerators and other house-hold appliances including domestic water pump and air conditioners, provided, they are under single meter connection. If a separate meter is provided for Air Conditioner Load, the consumption shall be under commercial tariff till it is merged with the main meter.
  5. **SOLAR REBATE: The Solar Rebate of 50 Paise per unit of electricity consumed subject to a maximum of Rs.50/- per installation per month hitherto allowed to tariff schedule LT-2(a) is now discontinued.**

### **TARIFF SCHEDULE LT-3(a)**

**LT-3(a): Applicable to Commercial Lighting, Heating and Motive Power installations of Clinics, Diagnostic Centres, X-Ray units, Shops, Stores, Hotels / Restaurants / Boarding and Lodging Homes, Bars, Private guest Houses, Mess, Clubs, Kalyan Mantaps / Choultry, permanent Cinemas/ Semi Permanent Cinemas, Theatres, Petrol Bunks, Petrol, Diesel and oil Storage Plants, Service Stations/ Garages, Banks, Telephone Exchanges. T.V. Stations, Microwave Stations, All India Radio, Dish Antenna, Public Telephone Booths/ STD, ISD, FAX Communication Centers, Stud Farms, Race Course, Ice Cream Parlours, Computer Centres, Photo Studio / colour Laboratory, Photo Copiers, Railway Installation excepting Railway workshop, BMTC / KSRTC Bus Stations excepting Workshop, All offices, Police Stations, Commercial Complexes, Lifts of Commercial Complexes, Battery Charging units, Tyre Vulcanizing Centres, Post Offices, Bakery shops, Beauty Parlours, Stadiums other than those maintained by Govt. and Local Bodies. It is also applicable to water supply pumps and street lights not covered under LT 6, Cyber cafés, Internet surfing cafes, Call centres, BPO / KPO, Telecom, I.T. based medical transcription centres, Private Hostels not covered under LT -2 (a), Home Stay / Paying guests accommodation provided in an independent / exclusive premises, concrete mixtures (Ready Mix Concrete) units..**

<b>LT-3(a): RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.210/-
For every additional KW above 50 KW	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	800 paise

<b>LT-3(a): RATE SCHEDULE [Applicable for all areas]</b> <b>DEMAND BASED TARIFF (optional)</b> <b>where sanctioned load is above 5 KW but below 150 KW</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW Upto 50 KW	Rs.220/-
For every additional KW above 50 KW	Rs.320/-
<b>Energy Charges per kWh:</b>	
For entire consumption	800 paise

**Note: [Applicable to LT-3(a)]**

- 1. A rebate of 30 paise per unit shall be allowed to the consumers falling under village panchayat areas.**
- Besides Lighting, Heating and Motive power, electricity supply under this Tariff can also be used for Yard lighting/ air Conditioning/water supply in the premises.
- The semi-permanent Cinemas should have semi-Permanent Structure with permanent wiring and licence for duration of not less than one year.
- Touring Cinemas having an outfit comprising Cinema apparatus and accessories taken from place to place for exhibition of cinematography film and also outdoor shooting units shall be billed under LT- 7 Tariff.
- A rebate of 20% on fixed charges and energy charges shall be allowed in the monthly bill in respect of telephone Booths having STD / ISD/FAX facility run **by handicapped people.**
- Demand based Tariff** at the option of the consumer can be adopted as per Para 1 of the conditions applicable to LT installations.

### TARIFF SCHEDULE LT-3(b)

**LT-3(b):** Applicable 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-3(b): RATE SCHEDULE Applicable for all areas	
<b>Fixed Charges / KW / Month:</b>	
Less than 67 HP only	Rs.200/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1050 paise

### TARIFF SCHEDULE LT-4 (a), LT-4 (b) & LT-4(c)

**LT-4:** Applicable to (a) Agricultural Pump Sets including Sprinklers (b) Pump sets used in; (i) Nurseries of forest and Horticultural Departments; (ii) Grass Farms and Gardens; (iii) Plantations other than Coffee, Tea, Rubber and Private Horticulture Nurseries.

LT-4(a): RATE SCHEDULE				
Applicable to I.P. Sets up to and inclusive of 10 HP				
Fixed Charges & Energy Charges:				
Commission Determined Tariff (CTD)	HRECS		:	770 paise/unit
	The above CDT comprises of fixed and variable charge component, per unit, as follows:			
			Fixed Charge	Variable Charge
	HRECS	:	393	377
NOTE:				
(i) 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 shall be demanded and collected from these consumers.				
The GoK shall release full subsidy to meet the revenue requirement on the approved quantum of IP sets sales in terms of Section 65 of the Electricity Act, 2003. In case, there is any variation/ shortfall in the release of required subsidy by the GoK, the quantum of sales to IP sets of 10 HP and below shall be either proportionately regulated or the ESCOMs shall collect the CDT				



from the IP set consumers.  
**(ii) This Tariff is applicable for Coconut and Arecanut plantations also.**

<b>LT-4(b): RATE SCHEDULE</b> <b>Applicable to IP sets above 10 HP</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / HP / Month:</b>	
Per HP	Rs.135/-
<b>Energy Charges per kWh:</b>	
For entire consumption	410 paise

<b>LT-4(c): RATE SCHEDULE</b> <b>Applicable to Private Horticultural Nurseries,</b> <b>Coffee, Nurseries of forest and Horticultural Departments,</b> <b>Grass Farms and Gardens, Tea and Rubber plantations</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / HP / Month:</b>	
Per HP	Rs.135/-
<b>Energy Charges per kWh:</b>	
For entire consumption	425 paise

**Note: [Applicable to LT-4]**

1. The energy supplied under this tariff shall be used by the consumers only for pumping water to irrigate their own land as stated in the I.P. Set application / water right certificate and for bonafide agriculture use. Otherwise, such installations shall be billed under the appropriate Tariff (LT-3/ LT-5) based on the recorded consumption if available, or on the consumption computed as per the Table given under Clause 42.06 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
2. The motor of IP set installations can be used with an alternative drive for other agricultural operations like sugar cane crusher, coffee pulping, arecanut cutting etc., with the approval of the Licensee. The energy used for such operation shall be metered separately by providing alternate switch and charged at LT Industrial Tariff (Only Energy charges) during the period of alternative use. If the energy used both for IP Set and alternative operation, is however measured together by one energy meter, the energy used for alternate drive shall be estimated by deducting the average IP Set consumption for that month as per the IP sample meter readings for the sub division as certified by the sub-divisional Officer.
3. The Consumer is permitted to use the energy for lighting the pump house and well limited to 2 lighting points of 40 W each.
4. The water pumped for agricultural purposes may also be used by the Consumer for his bonafide drinking purposes and for supplying water to

animals, birds, Poultry farms, Dairy farms and fish farms maintained by the Consumer in addition to agriculture.

5. Billing shall be made at least once in a quarter year for all IP sets.
6. A rebate of 2 paise per unit will be allowed if capacitors are installed as per Clause 23 of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka in respect of all metered IP Set Installations.
7. Only fixed charges as in Tariff Schedule for Metered IP Set Installations shall be collected during the disconnection period of IP Sets under LT 4(a), LT 4(b) and LT 4(c) categories irrespective of whether the IP Sets are provided with Meters or not.

### **TARIFF SCHEDULE LT-5**

**LT-5:**        **Applicable to Heating & Motive power (including lighting) installations of industrial Units, Industrial Workshops, Poultry Farms, Sugarcane Crushers, Coffee Pulping, Cardamom drying, Mushroom raising installations, Flour, Huller & Rice Mills, Wet Grinders, Milk dairies, Ironing, Dry Cleaners and Laundries having washing, Drying, Ironing etc., Tailoring shop, Bulk Ice Cream and Ice manufacturing Units (including storage units established within the premises of the manufacturing unit), Coffee Roasting and Grinding Works, Cold Storage Plants, Bakery Product Mfg. Units, BMTC/ KSRTC workshops/Depots, Railway workshops, Drug manufacturing units and Testing laboratories, Printing Presses, Garment manufacturing units, Bulk Milk vending Booths, Swimming Pools of local Bodies, Tyre retreading units, Stone crushers, Stone cutting, Chilly Grinders, Phova Mills, pulverizing Mills, Decorticators, Iron & Red-Oxide crushing units, crematoriums, hatcheries, Tissue culture, Saw Mills, Toy/wood industries, Viswa Sheds with mixed load sanctioned under Viswa Scheme, Cinematic activities such as Processing, Printing, Developing, Recording theatres, Dubbing Theatres and film studios, Agarbathi manufacturing unit., Water supply installations of KIADB & industrial units, Gem & Diamond cutting Units, Floriculture, Green House, Biotech Labs., Hybrid seed processing units. Information**

Technology industries engaged in development of hardware & Software, Information Technology (IT) enabled Services / Start-ups (As defined in GOI notification dated 17.04.2015)/ Animation / Gaming / Computer Graphics as certified by the IT & BT Department of GOK/GOI, Silk rearing, Silk filature units, Aqua Culture, Prawn Culture, Brick manufacturing units, Silk / Cotton colour dying, Stadiums maintained by Govt. and local bodies, Fire service stations, Gold / Silver ornament manufacturing units, Effluent treatment plants and Drainage water treatment plants independently serviced outside the premises of the installation for which the power supply is availed, LPG bottling plants and petroleum pipeline projects, Piggery farms, Analytical Lab. for analysis of ore metals, Satellite communication centres, Mineral water processing plants / drinking water bottling plants soda fountain units and Solid Waste Processing Plant, Animal husbandry activities, Transformer Repair Centres, Data Centres (on production of necessary certificate issued by Department of Electronics, Information Technology & Biotechnology and Science & Technology).

<b>LT-5: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Below 100 HP	Rs.140/-
100 HP and above	Rs.250/-
<b>Energy Charges per kWh:</b>	
For entire consumption	610 paise

<b>LT-5: RATE SCHEDULE</b> <b>DEMAND BASED TARIFF (Optional)</b> <b>[Applicable for all areas]</b>	
<b>Fixed Charges / KW / Month:</b>	
Below 100 HP	Rs.190/-
100 HP and above	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	610 paise

**Note: [Applicable to LT-5]**

1. A rebate of 30 paise per unit shall be allowed to the consumers falling under village panchayat areas (Note: Rural Rebate for the consumers falling under Town Municipal Council areas discontinued from 01.04.2024)
2. Consequent to reduction in energy charges, rebate of 50 paise per unit in Energy Charges allowed to Micro & Small scale industries is discontinued.
3. Rebate of Re.1/- per unit in Energy Charges shall be extended to Ice Manufacturing Units / Cold Storage plants used for fisheries purpose that are situated in the coastal belt area of Karnataka State within radius of 5 Kms from Sea. In case these plants are situated beyond the radius of 5 Kms from Sea, such consumers are also eligible to avail the rebate benefit, provided that such consumers have to submit a certification from the authorities of Fisheries Department that their activities are actually meant for fisheries purpose only.

LT-5: ToD Tariff (Optional)		
Time of Day	From July to November (monsoon period) (paise / unit)	From December to June (paise / unit)
06.00 Hrs to 09.00 Hrs	0	(+)100
09.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100
22.00 Hrs to 06.00 Hrs	0	(-)100

**Note: [Applicable to LT-5 DEMAND BASED TARIFF]**

1. In the case of LT Industrial Consumers, **Demand based Tariff** at the option of the Consumer can be adopted. The Consumer is permitted to have more connected load than the sanctioned load. The billing demand will be the sanctioned load or Maximum Demand recorded in the Tri-Vector Meter during the month whichever is higher. If the Maximum Demand recorded is more than the sanctioned load, penal charges at two times the normal rate shall apply.
2. **Seasonal Industries:** The industries which intend to utilize seasonal industry benefit shall comply with the conditionalities under para no. 26 of general terms and conditions applicable to LT.
3. Electricity can also be used for lighting, heating, and air-conditioning in the premises.
4. In the case of welding transformers, the connected load shall be taken as, (a) Half the maximum capacity in KVA as per the name plate specified under-IS1851, or (b) Half the maximum capacity in KVA as recorded during rating by the Licensee, whichever is higher.

## TARIFF SCHEDULE LT-6

**LT-6:** Applicable to water supply and sewerage pumping installations and also applicable to water purifying plants maintained by Government and Urban Local Bodies/ Grama Panchayats for supplying pure drinking water to residential areas Public Street lights/Park lights of village Panchayat, Town Panchayat, Town Municipalities, City Municipalities / Corporations / State and Central Govt. / APMC, Traffic signals, Surveillance Cameras at traffic locations belonging to Government Department, subways, water fountains of local bodies. Also applicable to Streetlights of residential Campus of universities, other educational institutions, housing colonies approved by local bodies/development authority, religious institutions, organizations run on charitable basis, industrial area / estate and notified areas, also applicable to water supply installations in residential Layouts, Street lights along with signal lights including the gateman's shed with associated equipment provided at the Railway level crossing, high mast street lights, Lifts/ Escalators installed in pedestrian road crossing maintained by Government and Urban local bodies/ Grama Panchayats independently serviced and Electric Vehicle Charging Station.

<b>LT-6(a): RATE SCHEDULE</b>	
<b>WATER SUPPLY - Applicable for all areas</b>	
<b>Fixed Charges / HP / Month:</b>	
Upto and inclusive of 67 HP	Rs.180/-
For every additional HP above 67 HP	Rs.275/-
<b>Energy Charges per kWh:</b>	
For entire consumption	550 paise

<b>LT-6(b): RATE SCHEDULE</b>	
<b>PUBLIC LIGHTING - Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Per KW	Rs.180/-
<b>Energy Charges per kWh:</b>	
For entire consumption	700 paise
Energy charges for LED / Induction Lighting	600 paise

<b>LT-6(c): RATE SCHEDULE</b> <b>Electric Vehicle Charging Stations/ Battery Swapping Stations</b> <b>(for Both LT &amp; HT) -Applicable to all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
LT: Upto and inclusive of 50 KW	Rs.70/-
LT: For every additional KW above 50 KW	Rs.170/-
<b>HT: (per KVA / Month of billing demand)</b>	<b>Rs.200/-</b>
<b>Energy Charges per kWh:</b>	
For entire consumption	450 paise

<b>LT-6(c): ToD Tariff for the EV charging stations in the Depots of BMTC / KSRTC / NEKRTC / NWKRTC who have availed HT power supply for charging the Electric Motor Vehicles</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period) (paise / unit)</b>	<b>From December to June (paise / unit)</b>
06.00 Hrs to 09.00 Hrs	0	(+)100
09.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100
22.00 Hrs to 06.00 Hrs	0	(-)100

### TARIFF SCHEDULE LT-7

#### LT-7: Temporary Supply

<b>LT-7: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges / KW / Month:</b>	
Less than 67 HP	Rs.200/-
<b>Energy Charges per kWh:</b>	
For entire consumption	1150 paise

**Note: [Applicable to LT-7]**

1. Billing of LT-7 installations shall be on monthly basis, similar to other category of consumers, however, subject to the provisions of the Conditions of Supply of Electricity of Distribution Licensees in the State of Karnataka (CoS) (Eleventh Amendment), 2023.
2. Temporary power supply with or without extension of distribution main shall be arranged through a pre-paid energy meter duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.

3. This Tariff is also applicable to touring cinemas having licence for duration less than one year.
4. All the conditions regarding temporary power supply as stipulated in Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka shall be complied with before service.

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## **ELECTRICITY TARIFF - 2025**

### **PART-II**

#### **HIGH TENSION SUPPLY**

**Applicable to Bulk Power Supply of Voltages at 11KV (including 2.3/4.6 KV) and above at Standard High Voltage or Extra High Voltages when the Contract Demand is 50 KW / 67 HP and above.**



**CONDITIONS APPLICABLE TO BILLING OF HT INSTALLATIONS:****1. Billing Demand**

**A) The billing demand during unrestricted period shall be the maximum demand recorded during the month or 90% of the CD, whichever is higher.**

B) If at any time the maximum demand recorded exceeds the CD, the Consumer shall pay for the quantum of excess demand at two times the normal rate per KVA per month as deterrent charges as per Section 126(6) of the Electricity Act, 2003. For over-drawal during the billing period, the penalty shall be two times the normal rate.

C) During the periods of disconnection, the billing demand shall be 90% of CD, had the installation been in service. This provision is applicable only, if the installation is under disconnection for the entire billing month.

D) For the purpose of billing, the billing demand of 0.5 KVA and above will be rounded off to the next higher KVA, and billing demand of less than 0.5 KVA shall be ignored.

**2. Power factor (PF)**

It shall be the responsibility of the HT Consumer to determine the capacity of PF correction apparatus and maintain an average PF of not less than 0.90.

(i) The specified P.F. is 0.90. If the power factor goes below 0.90 Lag, a surcharge of 3 Paise per unit consumed will be levied for every reduction of P.F. by 0.01 below 0.90 Lag.

(ii) The power factor when computed as the ratio of KWh / KVAh will be determined up to 3 decimals (ignoring figures in the other decimal places), and then rounded off to the nearest second decimal as illustrated below:

(a) 0.8949 to be rounded off to 0.89

(b) 0.8951 to be rounded off to 0.90

In respect of Electronic Tri-Vector meters, the recorded average PF over the billing period shall be considered for billing purposes. If the same is not available, the ratio of KWh to KVAh consumed in the billing month shall be considered.

3. **Rebate for supply at high voltage:**

If the Consumer is availing power at voltage higher than 13.2 KV, then consumer will be entitled to a rebate as indicated below:

**Supply Voltage: Rebate**

- |             |                                 |
|-------------|---------------------------------|
| A) 33/66 KV | 2 Paise/unit of energy consumed |
| B) 110 KV   | 3 Paise/unit of energy consumed |
| C) 220 KV   | 5 Paise/unit of energy consumed |

The above rebate will be allowed in respect of all the installations of the above voltage class, including the existing installations, and also for installations converted from 13.2 KV and below to 33 KV and above and also for installations converted from 33/66 KV to 110/220 KV, from the next meter reading date after conversion / service / date of notification of this Tariff order, as the case may be. The above rebate is applicable only on the normal energy consumed by the Consumer including the consumption under TOD Tariff and base consumption in respect of any concessional scheme, approved by the Commission. and is not applicable on any other energy allotted and consumed, if any, viz.,

- i) Wheeled Energy.
- ii) Energy drawal under special incentive scheme / DERS / any other concessional schemes approved by the Commission.

**The above rebate is not applicable for BMRCL and Railway Traction.**

4. In respect of Residential Quarters / Colonies availing Bulk power supply by tapping the main HT supply, the energy consumed by such Colony loads, metered at single point, shall be billed under HT-4 tariff schedule. No reduction in demand recorded in the main HT meter will be allowed.

5. Energy supplied may be utilized for all purposes associated with the working of the installations, such as, Office, Stores, Canteens, Yard Lighting, Water Supply and Advertisements within the premises.
6. Energy can also be used for construction, modification and expansion purposes within the premises.
7. Power supply under HT-4 tariff schedule may be used for Commercial and other purposes inside the colony for installations such as Canteen, Club, Shop, Auditorium etc., provided, this load is less than 10% of the CD.
8. In respect of Residential Apartments, availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule (Only Energy charges) duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to that of the predominant Consumer category.

#### **9. Seasonal Industries**

- a. The industries, which intend to utilize seasonal industry benefit, shall conform to the conditionality's under Para no. 24 of the General terms and conditions of tariff (applicable to both HT & LT).
- b. The industries that intend to avail this benefit shall have Electronic Tri-Vector Meter fitted to the installation.
- c. Monthly charges during the working season, shall be the demand charges on 90% of the contract demand, or the recorded maximum demand during the month, whichever is higher, plus the energy charges for the energy consumed.
- d. Monthly charges during **the off season** shall be demand charges on the maximum demand recorded during the month **or 50% of the Contract**

Demand whichever is higher plus the energy charges for the energy consumed.

- e. Monthly charges during off season period to the installation of Ice Manufacturing units / Cold Storage Plants used for fisheries purpose situated in the coastal belt of Karnataka State within the radius of 5 Kms from Sea only, shall be the demand charges on the maximum demand recorded during the month or 90% of the contract demand whichever is higher at 50% of the normal demand charges plus energy charge for the energy consumed.
- f. *In addition to the concession in the Demand Charges, a rebate in the energy charges by Re.1 per unit for the energy consumed during the year shall be allowed to the installations of Ice manufacturing units / cold storage plants used for fisheries purpose, situated in the coastal belt area of Karnataka State within a radius of 5 Kms. from Sea and also to extend the similar benefit to such plants which are situated beyond the radius of 5 Kms from Sea provided that such consumers have to submit a certification from the authorities of Fisheries Department that their activities are actually meant for fisheries purpose only.*

10. The reduction of Re.1 per unit in the ToD tariff for the energy consumed between 22.00 Hrs to 06.00 Hrs next day is not applicable to HT consumers who opt for the Special Incentive Scheme.

11. The increase in energy charges under ToD tariff at (+) Re.1 per unit for the energy consumed during evening peak period i.e. between 18.00 Hrs to 22.00 Hrs during December to June period is applicable to all the HT consumers including the consumers opted under special incentive scheme.

12. The ToD tariff approved by the Commission in this Tariff Order is not applicable to the extent of the energy consumed and billed under the new 'Discounted Energy Rate Scheme'. However, ToD tariff shall be applicable up to the base monthly average consumption, as computed by the licensee.

### TARIFF SCHEDULE HT-1

**HT-1:**      **Applicable to Water Supply, Drainage / Sewerage water treatment plant and Sewerage Pumping installations, belonging to Bangalore Water Supply and Sewerage Board, Karnataka Urban Water Supply and Sewerage Board, other local bodies, State and Central Government.**

<b>HT-1: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Demand Charges per KVA of billing demand / month:</b>	
Per KVA	Rs.340/-
<b>Energy Charges per kWh:</b>	
For entire consumption	625 paise

<b>HT-1: ToD Tariff (Optional)</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period) (paise / unit)</b>	<b>From December to June (paise / unit)</b>
06.00 Hrs to 09.00 Hrs	0	(+)100
09.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100
22.00 Hrs to 06.00 Hrs	0	(-)100

**Note: [Applicable to HT-1]**

Energy supplied to residential quarters availing bulk supply by the above category of Consumer, shall be metered separately at a single point, and the energy consumed shall be billed at HT-4 Tariff. No reduction in the demand recorded in the main HT meter will be allowed.

### TARIFF SCHEDULE HT-2(a)

**HT-2(a):**      **Applicable to Industries, Factories, Industrial Workshops, Research & Development Centres, Industrial Estates, Milk dairies, Rice Mills, Poha Mills, Roller Flour Mills, News Papers, Printing Press, Railway Workshops/KSRTC Workshops/ Depots, Crematoriums, Cold Storage, Ice & Ice-cream mfg. Units, Swimming Pools of local bodies, Water**

Supply Installations of KIADB and other industries, all Defence Establishments, Hatcheries, Poultry Farm, Museum, Floriculture, Green House, Bio Technical Laboratory, Hybrid Seeds processing Units, Stone Crushers, Stone cutting, Bakery Product Manufacturing Units, Mysore Palace illumination, Film Studios, Dubbing Theatres, Processing, Printing, Developing and Recording Theatres, Tissue Culture, Aqua Culture, Prawn Culture, Information Technology Industries engaged in development of Hardware & Software, Information Technology (IT) enabled Services / Start-ups(As defined in GOI notification dated 17.04.2015)/ Animation / Gaming / Computer Graphics as certified by the IT & BT Department of GOK/GOI, Drug Mfg. Units, Garment Mfg. Units, Tyre retreading units, Nuclear Power Projects, Stadiums maintained by Government and local bodies, Railway Traction, Effluent treatment plants and Drainage water treatment plants owned other than by the local bodies, independently serviced outside the premises of industries/ Buildings for which the HT power supply is availed. LPG bottling plants, petroleum pipeline projects, Piggery farms, Analytical Lab for analysis of ore metals, Saw Mills, Toy/wood industries, Satellite communication centres, Mineral water processing plants / drinking water bottling plants and Solid Waste Processing Plant, Data Centres (on production of necessary certificate issued by Department of Electronics, Information Technology & Biotechnology and Science & Technology. Bulk Ice Cream and Ice manufacturing Units (including storage units established within the premises of the manufacturing unit).

HT-2(a): RATE SCHEDULE [Applicable for all areas]	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.340/-
<b>Energy Charges per kWh:</b>	
For entire consumption	690 paise

<b>HT-2(a) – Bangalore Metropolitan Railway Corporation Limited (BMRCCL) RATE SCHEDULE</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.300/-
<b>Energy Charges per kWh:</b>	
For entire consumption	525 paise
<b>Note: Special Incentive scheme and ToD Tariff is not applicable to BMRCCL installations.</b>	

<b>HT-2(a) – Railway Traction: RATE SCHEDULE Applicable for all areas</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.340/-
<b>Energy Charges per kWh:</b>	
For entire consumption	650 paise
<b>Note:</b> Special Incentive scheme and ToD Tariff is not applicable to Railway Tracking installations.	

<b>HT2(a): Effluent Treatment Plants independently serviced outside the premises of any installation: RATE SCHEDULE Applicable for all areas</b>	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.340/-
<b>Energy Charges per kWh:</b>	
For entire consumption	650 paise
<b>Note:</b> The ToD tariff is applicable to these installations if the Special Incentive Scheme is not opted.	

### **TARIFF SCHEDULE HT-2(b)**

**HT-2(b):** Applicable to Commercial Complexes, Cinemas, Hotels, Boarding & Lodging, Amusement Parks, Telephone Exchanges, Race Course, All Clubs, T.V. Station, All India Radio, Railway Stations, Air Port, BMTC, KSRTC bus stations, All offices, Banks, Commercial Multi-storied buildings, APMC Yards, Stadiums other than those maintained by Government and Local Bodies, Construction power for irrigation, Power Projects and Konkan Railway Project, Petrol / Diesel and Oil storage plants, I.T. based medical transcription centers, telecom, call centres / BPO / KPO, Diagnostic centres, concrete mixture (Ready Mix

Concrete) units, Private Guest Houses / Travelers Bungalows.

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.

HT-2(b): RATE SCHEDULE Applicable for all areas	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.365/-
<b>Energy Charges per kWh:</b>	
For entire consumption	800 paise

### TARIFF SCHEDULE HT-2(c)(i)

**HT-2(c)(i):** Applicable to Government Hospitals, Hospitals run by Charitable Institutions, ESI hospitals, Universities and Educational Institutions belonging to Government and Local bodies, Aided Educational Institutions and Hostels of all Educational Institutions.

HT-2(c)(i): RATE SCHEDULE Applicable for all areas	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.290/-
<b>Energy Charges per kWh:</b>	
For entire consumption	710 paise

### TARIFF SCHEDULE HT-2(c)(ii)

**HT-2(c)(ii):** Applicable to Hospitals and Educational Institutions other than those covered under HT-2 (c) (i).

HT-2(c)(ii): RATE SCHEDULE Applicable for all areas	
<b>Demand Charges per KVA of Billing Demand / month:</b>	
Per KVA	Rs.340/-
<b>Energy Charges per kWh:</b>	
For entire consumption	810 paise



**Note: [Applicable to HT-2a, HT-2b, HT-2c(i) and HT-2c(ii) tariff category]**

1. Energy supplied may be utilized for all purposes associated with the working of the installation such as offices, stores, canteens, yard lighting, water pumping and advertisement within the premises.
2. Energy can be used for construction, modification and expansion purposes within the premises.
3. The tariff HT-2(b) is not applicable for construction of new industries. Such power supply shall be availed only under the temporary category HT-5.
4. In respect of consumer availing HT power supply, the energy used for Effluent Treatment Plant and Drainage water treatment plants situated within the premises of the installation from the main meter or by fixing the separate sub-meter, the electricity consumed by such Effluent Treatment Plant and Drainage Water Treatment Plants shall be billed at the respective applicable tariff schedule for which the power supply is availed for the installation.

<b>HT-2(a), HT-2(b), HT-2c(i) &amp; HT-2c(ii): ToD Tariff</b>		
<b>Time of Day</b>	<b>From July to November (monsoon period) (paise / unit)</b>	<b>From December to June (paise / unit)</b>
06.00 Hrs to 09.00 Hrs	0	(+)100
09.00 Hrs to 18.00 Hrs	0	0
18.00 Hrs to 22.00 hrs	0	(+)100
22.00 Hrs to 06.00 Hrs	0	(-)100
<b>Note: The ToD tariff is not applicable to BMRCL &amp; Railway Traction installations.</b>		

**TARIFF SCHEDULE HT-3**

**HT-3:**            **Applicable to all Lift Irrigation schemes (other than Government schemes covered in HT-7 Tariff schedule)**

<b>HT-3: RATE SCHEDULE Applicable for all areas</b>	
<b>Fixed Charges per HP / month:</b>	
Per HP	Rs.150/-
<b>Energy Charges per kWh:</b>	
For entire consumption	150 paise

**TARIFF SCHEDULE HT-4**

**HT-4:**            **Applicable to Residential apartments and colonies (whether situated outside or inside the premises of the main HT Installation) availing power supply independently or by tapping the main H.T. line. Power supply can be used for residences, theatres, shopping**

**facility, club, hospital, guest house, yard/street lighting, canteen located within the colony and Temple, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious /Charitable institutions using power for religious activities.**

<b>HT-4: RATE SCHEDULE</b> <b>Applicable for all areas</b>	
<b>Fixed Charges per KVA / month:</b>	
Per KVA	Rs.290/-
<b>Energy Charges per kWh:</b>	
For entire consumption	725 paise

**Note: [Applicable to HT-4 category]**

1. In respect of residential colonies availing power supply by tapping the main H.T. supply, the energy consumed by such colony loads metered at a single point, is to be billed at the above energy rate. No reduction in the recorded demand of the main H.T. supply is allowed.
2. Energy under this tariff may be used for commercial and other purposes inside the colonies, for installations such as, Canteens, Clubs, Shops, Auditorium etc., provided, this commercial load is less than 10% of the Contract demand.
3. In respect of Residential Apartments, availing HT Power supply under HT-4 tariff schedule, the supply availed for Commercial and other purposes like Shops, Hotels, etc., will be billed under appropriate tariff schedule (Only Energy charges), duly deducting such consumption in the main HT supply bill. No reduction in the recorded demand of the main HT meter is allowed. Common areas shall be billed at Tariff applicable to the predominant Consumer category.
4. Temples, Church's, Mosques, Gurudwaras, Ashrams, Mutts and Religious / Charitable Institution availing the power supply for religious activities under HT supply, shall be categorized and billed under HT-4 Tariff schedule. If these institutions use the power for Kalyana Mantapas / Marriage hall, Restaurant or for any other commercial activity, not related to religious activities, such energy consumption shall be billed under HT-2(b) tariff schedule (only energy charges) duly deducting such consumption recorded in the main HT meter. However, no reduction in the demand charges towards the recorded demand in the main HT meter shall be allowed. In all such cases, it shall be ensured that sub-meters are provided to record such commercial consumption separately.

## TARIFF SCHEDULE HT-5

### HT-5: Temporary Power Supply:

Tariff applicable to sanctioned load of 67 HP and above for hoardings and advertisement boards and construction power for industries excluding those category of consumers covered under HT2(b) Tariff schedule availing power supply for construction power for irrigation and power projects and also applicable to power supply availed on temporary basis with the contract demand of 67 HP and above of all categories.

HT-5: RATE SCHEDULE Applicable for all areas	
Fixed Charges per HP / month:	
Per HP for the entire contract demand	Rs.400/-
Energy Charges per kWh:	
For entire consumption	1150 paise
<p style="text-align: center;"><b><u>Tariff applicable to Bangalore International Exhibition Centre, for power supply availed on temporary basis with the contract demand of 67 HP and above:</u></b></p>	
Fixed / Demand Charges	Energy Charges
Nil	1300 paise per unit

**Note: [Applicable to HT-5 category]**

1. Temporary power supply with or without extension of distribution main shall be **arranged through a pre-paid energy meter** duly observing the provisions of Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka.
2. This Tariff is also applicable to touring cinemas having licence for duration less than one year.
3. All the conditions regarding temporary power supply as stipulated in Clause 12 of the Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka shall be complied with before service.

### TARIFF SCHEDULE HT-6

**HT-6:** Applicable to Irrigation and Agricultural Farms, Government Horticultural Farms, Private Horticultural Nurseries, Coffee, Tea, Rubber, Coconut & Arecanut plantations.

HT-6: RATE SCHEDULE Applicable for all areas	
<b>Fixed Charges per HP / month:</b>	
Per HP of the sanctioned load	Rs.150/-
<b>Energy Charges per kWh:</b>	
For entire consumption	550 paise
<b>Note:</b> These installations are to be billed on monthly basis.	

### TARIFF SCHEDULE HT-7

**HT-7:** Applicable to Government Lift Irrigation schemes / societies.

HT-3: RATE SCHEDULE Applicable for all areas	
<b>Fixed Charges per HP / month:</b>	
Per HP	Rs.150/-
<b>Energy Charges per kWh:</b>	
For entire consumption	475 paise

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