

KARNATAKA ELECTRICITY REGULATORY COMMISSION
No.16 C-1, Miller Tank Bed Area, Vasanthanagara, Bengaluru-560052



PRESS NOTE

REVISION OF ELECTRICITY TARIFF FOR FY2022-23

1. The Karnataka Electricity Regulatory Commission (KERC) has approved the ARR of KPTCL / ESCOMs for FY23 to FY25 and revision of Transmission Tariff of KPTCL for FY23 to FY25 and Retail Supply Tariff applicable to the consumers of all the Electricity Supply Companies (ESCOMs), Hukeri Rural Electricity Co-operative Society, Mangalore Special Economic Zone (MSEZ) (Mangaluru) and AEQUS SEZ (Belagavi District) in the State of Karnataka, for the Financial Year 2022 - 23.

Considering the proposals of ESCOMs, Commission has approved revenue deficit of Rs.2159.00 Crores of ESCOMs for FY23, and approved increase in energy charges by 5 paise per unit and increase in fixed charges ranging between Rs.10 to 30 per HP / KWh / KVA to the consumers for recovery of gap of Rs.2159 Crores. The overall average increase accounts for 35 paise per unit for FY23 (increase by 4.33%). The ESCOMs had sought an average increase of 185 paise per unit accounting for 23.83% increase, for the proposed revenue deficit of Rs.11,320 Crores.

The revised tariff is applicable from 01.04.2022.

The tariff for Financial Year 2022-23 approved by the Commission is annexed herein.

2. Reasons for Increase in Tariff:

a. The Revision of tariff for FY23 is necessitated to recover a revenue deficit of Rs.2159.48 Crores which includes Rs. 1700.49 Crores deficit of FY21.

b. Deficit of FY21:

- After the truing up of income and expenditure for FY21 with reference to audited accounts, the total deficit of all the ESCOMs is Rs.3143.16 Crores.

After deducting the amount of Regulatory Asset of Rs.1442.67 Crores of FY21 allowed for recovery during FY22 and FY23, the net gap for FY21 is Rs.1700.49 Crores to be carried forward to ARR of FY23.

- The Tariff Order for FY21 was issued on 4.11.2020 due to Covid-19 Pandemic and other reasons. The revised tariff was given effect from 1.11.2020 to avoid the burden of tariff increase to the consumers by creating Regulatory Asset of Rs.1442.70 Crores.
- Due to Covid-19 Pandemic, the sale of energy by ESCOMs in FY21 has drastically come down by 7228.65MU resulting in reduction in Revenue by Rs.6182.84 Crores than the approved figure. The power purchase cost in FY21 has also increased by 31 paise per unit due to payment of fixed charges without drawing energy from thermal stations.
- This deficit for FY21 alone accounts for increase in tariff by 27 paise per unit.
- The remaining increase (8 Paise per unit) is towards overall increase in the input costs towards power purchase, Operation & Maintenance, Depreciation and borrowing costs etc, for FY23.

In order to enable the ESCOMs to carry on their business of supplying the electricity, which is the basic need of the Society, the increase in the tariff has become inevitable.

3. ESCOMs' Proposal:

The ESCOMs have sought a tariff hike ranging between 132 paise to 236 paise per unit, in respect of all categories of consumers as follows:

ESCOM	Per Unit Increase - Paise	Percentage Increase(%)
BESCOM	158	19.68
MESCOM	132	17.60
CESC	227	30.45
HESCOM	217	29.33
GESCOM	236	30.52
Total	185	23.83

4. Uniform Tariff increase

Since a uniform tariff is in vogue in the State, the Commission has approved uniform increase across all the ESCOMs & Hukeri RECS and a marginal differential increase in BESCO area. The increase in the energy charges is 5 paise per unit and increase in fixed cost is ranging between Rs.10 to Rs.30 per KW/ KVA except Battery Charging/Swapping Station for Electric Vehicles where the existing tariff is continued.

5. Highlights of the new Tariff Order:

❖ **Rebate to micro & Small Industries:**

To enable the micro and small scale industries (as certified by the GOK) to recover from the adverse effects of Covid-19, the Commission has decided to allow a rebate of 50 paise per unit in the monthly energy consumption for one year;

❖ **Concessions to seasonal industries- Ice Manufacturing units / Cold Storage Plants:**

In respect 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, the demand charges shall be on the maximum demand recorded during the month or 85% of the contract demand whichever is higher at 50% of the normal demand charges plus energy charges at approved rates for the energy consumed. **In addition to this, a rebate of Re.1 per unit is allowed in the energy charges during the year.**

❖ **Continuation of relaxation in evening peak ToD during Monsoon months:**

The relaxation of evening peak ToD tariff for use of power between 18.00 Hours to 22.00 hours during monsoon months of July to November is continued. However, the ToD tariff for use of power between 18.00 Hours to 22.00 hours during non-monsoon months of December to June will continue.

❖ **Discounted Energy Rate Scheme:**

To encourage sale of surplus energy during the year, the Commission has continued the "Discounted Energy Rate Scheme" at Rs.6 per unit for the HT2(a)

(b) and (c) categories for usage of power over and above the base consumption for FY23.

❖ **Special Incentive Scheme for HT Consumers:**

Special Incentive Scheme introduced in Tariff Order 2018, has been continued for FY23, at the existing terms and conditions, for all the HT Consumers for usage of energy during 10.00 Hrs. to 18.00 Hrs. by allowing an incentive of Re.1 per unit, for consumption over and above their base consumption. Further, the consumption during the night i.e., 22.00 Hrs to 6.00 Hrs an incentive of Rs.2 per unit being allowed for all the units consumed. Penal charges of One Rupee per unit would be levied for the energy consumed during the evening peak hours between 18.00 Hrs to 22.00 Hrs of non-monsoon months of FY23.

❖ **In order to encourage the use of EV's, the existing tariff for Battery Charging / Swapping Stations has been continued without any increase for FY23.**

❖ **Green Tariff:**

The Commission continues to promote purchase and use of energy from Renewable Sources, Green Tariff at 50 paise per unit over and above the applicable Tariff for HT Industries & HT Commercial Consumers at their option to promote purchase of renewable energy from ESCOMs is continued.

6. Government Subsidy:

The estimated amount of subsidy to be paid to the ESCOMs and the Hukeri RECS by the Government towards free supply of electricity to 33.15 lakhs IP sets up to and inclusive of 10 HP is Rs.13019 Crores for FY23 as against Rs.12267.58 Crores for FY22. Subsidy for 26.39 lakh Bhagya Jyothi / Kutira Jyothi installations is Rs.618.04 Crores for FY23 as against Rs.567.13 Crores for FY22.

7. Annual Revenue Requirement (ARR) of ESCOMs for FY23-25:

The Commission, in accordance with the principles under the Multi-Year Tariff (MYT) Regulations has determined the revised Annual Revenue Requirement (ARR) for FY23-25. The Commission has also taken up the Annual Performance Review (APR) of all the Licensees for FY21 and the deficit thereon has been factored in the ARR for FY23.

The Summary of the Approved ARR, Sales and Power Purchase, in respect of all the ESCOMs, for the FY23 is as detailed in the following table:

SI No	Particulars	FY23	FY24	FY25
1	Approved ARR of ESCOMs by KERC Rs. Crores	52,023.43	51,919.59	54,453.76
2	Power purchase in MU at Generation Bus	71645.87	73,740.45	75,961.32
3	Approved Transmission loss %	2.864	2.764	2.664
4	Approved Distribution loss in % (ESCOMs)	10.84	10.48	10.10
5	Total T & D loss in %	13.88	13.43	12.98
6	Approved sales in MU (ESCOMs) excluding T & D Losses	61,699.38	63,877.27	66,098.99

8. ESCOM-wise Proposed and Approved ARR for FY23-25:

[Figures in Rs. Crores]

ESCOM	FY23		FY24		FY25	
	As proposed	As Approved	As Proposed	As Approved	As Proposed	As Approved
BESCOM	28,027.81	25,574.78	26,959.45	25,786.12	28,179.43	27,042.72
MESCOM	4,799.93	4,378.05	4,528.31	4,165.08	4,768.29	4,361.30
CESC	6,612.81	5,603.94	6,068.37	5,559.83	6,472.06	5,826.87
HESC OM	11,601.56	10,040.21	10,113.80	9,950.05	10,709.15	10,439.90
GESCOM	7,771.08	6,426.46	6,647.19	6,458.52	6,872.51	6,782.993
Total	58,813.19	52,023.44	54,317.12	51,919.50	57,001.44	54,453.78

9. Transmission Tariff for KPTCL for FY23-25:

The Commission has determined ARR of Rs. 5093.77 Crores, Rs. 5415.75 Crores and Rs. 5803.79 Crores for KPTCL for FY23 to FY25 respectively. The approved Transmission Charges payable by ESCOMs for the Control period is as under:

Year	Capacity Allocation in MW	Transmission Charges in Rs. per MW/Month	Transmission charges in Rs. Crores per annum
FY23	25,053	1,69,433	5,093.77
FY24	26,103	1,72,897	5,415.74
FY25	27,203	1,77,793	5,803.79

10. Determination of ARR for FY23-25 and Revision of Retail supply tariff for FY23 for Hukeri Rural Electric Co-Op. Society, HERCS:

The Commission has determined ARR of Rs.173.60 Crores, Rs.186.32 Crores and Rs.193.24 Crores for FY23 to FY25.

11. Determination of ARR for FY23-FY25 and revision of Retail supply tariff for Mangalore SEZ Ltd., (MSEZL) for FY23:

The Commission has determined ARR of Rs. 54.18 Crores for MSEZL for FY23. The Commission also approved the ARR of Rs.54.38 Crores and Rs.56.05 Crores for FY24 and FY25 respectively. The approved Retail Supply Tariff of MSEZL for FY23 is as under:

Category	Demand Charges	Energy Charges
HT Industrial	Rs. 220 /KVA/ month	Rs.7.00/ kWh
HT Construction / Temporary	Rs. 260 /KVA/ month	Rs.11.00/ kWh
LT Industrial	Rs. 200/ KW/ Month	Rs.6.50/ kWh
LT Construction / temporary	Rs. 250 / KW/ Month	Rs.11.00/ kWh

12. Determination of ARR for FY23-25 and Retail supply tariff for AEQUS SEZ for FY23:

The Commission has determined ARR of Rs. 20.43 Crores for AEQUS SEZ FY23. The Commission also approved the ARR of Rs.20.78 Crores for FY24 and Rs.23.13 Crores for FY25. The approved Retail Supply Tariff of AEQUS SEZ for FY23 is as under:

Category	Demand Charges	Energy Charges
HT Industrial / Common facilities	Rs. 240 /KVA/ month	Rs.7.10/ kWh
HT Construction /Temporary	Rs. 275 /KVA/ month	Rs.11.00/ kWh
LT Common facilities	Rs. 240/ KW/ Month	Rs.7.20/ kWh

Note: The detailed category-wise revised tariff schedule is enclosed.

The Tariff Orders of KPTCL, ESCOMs, HRECS, MSEZL & AEQUS SEZ are made available on the Commission's website <https://karunadu.karnataka.gov.in/kerc>.
