

KARNATAKA ELECTRICITY REGULATORY COMMISSION

COMBINED TARIFF ORDER 2025

OF

BANGALORE ELECTRICITY SUPPLY COMPANY LTD., - BESCOM MANGALORE ELECTRICITY SUPPLY COMPANY LTD., - MESCOM CHAMUNDESHWARI ELECTRICITY SUPPLY CORPN. LTD., - CESC HUBLI ELECTRICITY SUPPLY COMPANY LTD., - HESCOM GULBARGA ELECTRICITY SUPPLY COMPANY LTD., - GESCOM

ANNUAL PERFORMANCE REVIEW FOR FY24 &
&
APPROVAL OF ANNUAL REVENUE REQUIREMENT AND
RETAIL SUPPLY TARIFF FOR THE
CONTROL PERIOD - FY2025-26 TO FY2027-28

27TH MARCH, 2025

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

Phone: 080-22268677/22268678/22268679 Fax: 080-22268667/22370214

Website: https://karunadu.karnataka.gov.in/kerc

E-mail: kerc-ka@nic.in

CONTENTS

	CHAPTER	Page No.
	CHAPTER - 1 INTRODUCTION	
1.0	Profile of Electricity Supply Companies of Karnataka	4
	- (ESCOMs)	
	CHAPTER – 2 SUMMARY OF ESCOM's FILING & TARIFF	
	DETERMINATION PROCESS	
2.0	Back ground for Current Filing	6
2.1	Preliminary Observations of the Commission	6
2.2	Acceptance of Applications and Publication of	7
	Notices	
2.3	Newspaper publication of Notices and Public	7
	Hearing Process	
2.4	Consultation with the State Advisory Committee of	9
	the Commission.	
	CHAPTER – 3 PUBLIC CONSULTATION-	
2 1	SUGGESTIONS/OBJECTIONS AND REPLIES List of Parsons who have filed written objections	10
3.1 3.2	List of Persons who have filed written objections Conducted Public Hearing on the Tariff application	14
3.2	for APR for FY24 approval of ARR and determination	14
	of Retail supply Tariff for the control period FY2025-26	
	to FY2027-28	
3.3	ESCOMs have explained the reasons for seeking	15
	increase in tariff	
3.3.1	BESCOM: Hearing held on 17.02.2025.	16
3.3.2	MESCOM Hearing held on 18.02.2025	19
3.3.3	CESC: Hearing held on 19.02.2025	22
3.3.4	HESCOM Hearing Held on 27.02.2025	24
3.3.5	GESCOM Hearing held on 24.02.2025	26
3.3.6	ESCOMs Response to the public objections	28
	CHAPTER – 4 ANNUAL PERFORMANCE REVIEW FOR	
4.0	FY23-24	00
4.0	Petition for Annual Performance Review for FY2023- 24	29
4.1	ESCOM's Submission	29
4.2	ESCOM's Financial Performance as per Audited	38
	Accounts for FY23-24	
4.2.1	Sales - Annual Performance Review for FY2023-24	38
4.2.2	Distribution Losses for FY2023-24	43
4.2.3	Power Purchase for FY2023-24	46
4.2.4	RPO Compliance for FY2023-24	49
4.2.5	Operation and Maintenance Expenses	81
4.2.6	Depreciation	85
4.2.7	Capital Expenditure – APR for FY2023-24	86
4.2.8	Interest and Finance Charges	95
4.2.9	Amounts Capitalized	100
4.2.10	"Other Debits" and "Prior Period Income / Charges"	100
4.2.11	Income Tax	101

4.2.12	Funds towards consumer relations / education	101
4.2.13	Other Income	102
4.2.14	Return on Equity	102
4.2.15	Revenue for FY2023-24	104
4.2.16	Tariff Subsidy for FY2023-24	105
4.2.17	Incentive / Penalty for reduction / increase in Distribution Loss for FY2023-24	105
4.3	Abstract of Approved ARR for FY2023-24 as per APR	106
4.4	IP Set Tariff Subsidy	113
4.5	Treatment of Revenue Surplus/Deficit as per APR for FY2023-24	113
	CHAPTER – 5 ANNUAL REVENUE REQUIREMENT (ARR)	
	FOR FY2025-26 to FY2027-28	
5.0	ESCOMs Petition for approval of ARR for the Control Period FY2025-26 to FY2027-28	115
5.1	Annual Revenue Requirement for the Control Period FY2025-26 to FY2027-28	122
5.1.1	Capital Investment Plan for the Control Period FY2025-26 to FY2027-28	122
5.1.2	Energy Sales forecast for the Control Period FY2025- 26 to FY2027-28	136
5.1.3	Trajectory of Distribution Loss for the Control Period	151
5.1.4	Quantum and Cost of Power Purchase for the Control Period	154
5.1.5	O&M Charges for FY2025-26 to FY2027-28	163
5.1.6	Depreciation for FY2025-26 to FY2027-28	167
5.1.7	Interest on Capital Loan for FY2025-26 to FY2027-28	170
5.1.8	Interest on Working Capital for FY2025-26 to FY2027- 28	173
5.1.9	Interest on Consumer Security Deposits for FY2025-26 to FY2027-28	175
5.1.10	Other Finance Charges for FY2025-26 to FY2027-28	177
5.1.11	Expenses Capitalized for FY2025-26 to FY2027-28	178
5.1.12	Funds towards Consumer Relations / Consumer Education	179
5.1.13	Other Income for FY2025-26 to FY2027-28	179
5.1.14	Return on Equity for FY2025-26 to FY2027-28	180
5.1.15	Pension and Gratuity Contribution- Government Portion for the Control Period FY2025-26 to FY2027-28	180
5.2	Revenue from existing tariff charges and miscellaneous charges	181
5.3	Abstract of approved Annual Revenue Requirement for the Control Period	181
5.4	Segregation of Annual Revenue Requirement into Distribution Business and Retail Supply Business for the Control Period	188
5.5	Revenue Deficit for the Control Period CHAPTER-6 DETERMINATION OF RETAIL SUPPLY TARIFF FOR THE CONTROL PERIOD FY2025-26 TO FY2027-28	192

	,	
6.0	ESCOM's Proposals and Commission's Decisions	194
6.1	Tariff Application	194
6.2	Statutory Provisions guiding determination of Tariff	194
6.3	Factors Considered for Tariff setting	195
6.4	Special Incentive Scheme	198
6.5	Tariff Proposals by ESCOMs	198
6.5.1	Discounted Energy Rate Scheme (DERS)	198
6.5.2	ToD Tariff to all the HT Consumers	199
6.5.3	Increase in Demand Charges and decrease in Energy charges for HT consumers	202
6.5.4	Grid Support Charges/ Parallel Operation Charges	204
6.5.5	Single Part Tariff for EV Charging stations	204
6.5.6	Common Area load description under HT-4/LT-1 (Domestic) tariff	206
6.5.7	Construction works to be allowed in LT-5 tariff activity	206
6.5.8	Separate Tariff classification for MSMEs	206
6.5.9	Rebate for the installations having SRTPV	207
6.5.10	Global Capacity Centres(GCC)	207
6.5.11	Subsidy write off by the Government	208
6.6	Revenue at existing tariff and deficit for the Control Period	208
6.7	Tariff Charges	209
6.8	Revised Tariff Charges approved by the Commission for the Control Period FY2025-26 to FY2027-28	222
6.9	Rural Rebate for the consumers under LT-3 and LT-5 tariff category	224
6.10	Wheeling charges	225
6.10.1	BESCOM	225
6.10.2	MESCOM	226
6.10.3	CESC	227
6.10.4	HESCOM	228
6.10.5	GESCOM	229
6.10.6	Commissions Views and decisions	230
6.10.7	Wheeling of energy [all transactions including RE sources which have completed initial term of WBA and excluding RE sources which have applied for OA / Wheeling prior to 13.01.2023 in case of STOA (Short Term Open Access) and 02.01.2023 in case of LTOA (Long Term Open Access) & MTOA (Medium Term Open Access) wheeling to consumers within the State] using transmission network and/or network of more than one licensee	234
6.10.8	Charges for Wheeling of Energy by Renewable Energy (RE) Sources which have applied for OA / Wheeling prior to 13.01.2023 in case of STOA (Short	236

	Term Open Access) and 02.01.2023 in case of LTOA (Long Term Open Access) & MTOA (Medium Term Open Access) (Non-REC Route) to the Consumers in	
	the State.	
6.10.9	Charges for Wheeling Energy by RE Sources which have applied for OA / Wheeling prior to 13.01.2023 in case of STOA (Short Term Open Access) and 02.01.2023 in case of LTOA (Long Term Open Access) & MTOA (Medium Term Open Access) Wheeling Energy from the State to a Consumer/Others Outside the State and for those opted for Renewable Energy Certificate [REC]:	236
6.11	Banking Charges for RE sources	236
6.12	Cross Subsidy Surcharge (CSS)	237
6.12.1	BESCOM	237
6.12.2	MESCOM	238
6.12.3	CESC	240
6.12.4	HESCOM	241
6.12.5	GESCOM	243
6.12.6	Commissions Views and decisions	244
6.13	Additional Surcharge	245
6.13.1	BESCOM	245
6.13.2	MESCOM	246
6.13.3	CESC	248
6.13.4	HESCOM	249
6.13.5	GESCOM Commissions Views and desirions	250
6.13.6	Commissions Views and decisions	250 250
6.14	Revised Discounted Energy Rate Scheme (DERS) Other Issues	254
6.15.1	Optional Self-Reading of Meters	254
6.15.1	Tariff for Green Power	254
6.15.3	Prompt payment incentive	254
6.15.4	Advance Payment made by consumers	254
6.15.5	Relief to Sick Industries	255
6.15.6	Power Factor	255
6.15.7	Rounding off of KW / HP	255
6.15.8	Interest on delayed payment of bills by consumers	256
6.15.9	Security Deposit (2 MMD)	256
6.15.10	Mode of Payment by consumers	256
6.15.11	Cross Subsidy Levels for FY2025-26, FY2026-27 and FY2027-28	257
6.16	Date of Effect of Revised Tariff	257
6.17	Summary of the Tariff Order	258
	Commission's Order	260
	APPENDIX - COMMISSION'S DIRECTIVES AND COMPLIANCE BY THE ESCOMS	261
	Appendix-1A	284
	Appendix-1B	332
	Appendix-1C	376
L		