



**KARNATAKA ELECTRICITY REGULATORY  
COMMISSION**

**TARIFF ORDER 2022**

**OF**

**BESCOM**

*ANNUAL PERFORMANCE REVIEW FOR FY21*

*&*

*APPROVAL OF ANNUAL REVENUE REQUIREMENT*

*FOR FY23 TO FY25*

*&*

*REVISION of RETAIL SUPPLY TARIFF FOR FY23*

*4<sup>th</sup> April, 2022*

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### 3. Special Incentive scheme:

BESCOM, in its filing has submitted that, the Commission in its Tariff Order 2021 dated 09.06.2021 has approved to continue the HT special Incentive Scheme for the FY22 as an attempt to bring back Open Access HT & EHT consumers. As the BESCOM has proposed to increase the demand charges for HT consumers by simultaneously reducing the energy charges, which are very competitive. BESCOM has requested the Commission for increase in Fixed Charges and decrease in energy charges for HT consumers **and to discontinue special incentive scheme**. Subsequently, BESCOM during the public hearing on the tariff application has requested the Commission for continuation of the scheme for one more year.

#### Commission's Analysis and Decision:

The Commission has considered the request of BESCOM and the other ESCOMs to increase the Fixed cost to all the consumers in order to ensure recovery of fixed costs being incurred by BESCOM and other ESCOMs. The key factor for introducing the Special Incentive Scheme, is to increase the metered sales of BESCOM and at the same to provide additional quantum of power to the EHT/HT consumers at an incentivised rates particularly when there is a surplus power situation in the State.

BESCOM has not substantiated the reasons as to why it wants to discontinue the Special Incentive Scheme, which is basically meant to retain the HT consumers by encouraging additional sales with an incentive.

**In view of the surplus power situation, the Commission has decided to continue the Special Incentive Scheme for FY23 at the existing terms and conditions.**

### 4. Discounted Energy Rate Scheme:

The Commission in its Tariff Order 2021, in order to bring back HT/EHT consumers who are availing power through Open Access, has approved Discounted Energy Rate Scheme from July 21 to March 22 for FY22 for the energy consumed

over and above the average /base consumption, as the State was having surplus power.

The said scheme is beneficial to HT consumer who are consuming their energy from private generation rather than procuring from BESCOs. For computing the base/average consumption BESCO energy only is considered. Since, BESCO has proposed for increasing the demand charges for HT consumers by simultaneously reducing the energy charges and the proposed charges are very competitive, BESCO has requested to discontinue the DERS Scheme. Subsequently, BESCO during the public hearing on the tariff application has requested the Commission for continuation of the scheme for another year.

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

The Commission has initially introduced the DERS in order to sell surplus energy available during monsoon months in view of the fact that during monsoon, the demand for energy comes down drastically besides availability of abundant renewable energy from hydro and wind sources. The scheme was further extended upto the end of March, 2022, as per the request of ESCOMs. This has resulted in increased sale of energy which other-wise would have either been not utilized or would have been sold through power exchanges at much lower rates.

The Commission notes that ESCOMs have not properly marketed the Discounted Energy Scheme. In order to increase the sales, ESCOMs shall resort to aggressive marketing of its scheme and shall make use of every opportunity to improve its sales.

The Commission notes that number of HT consumers have availed this scheme and the ESCOMs in the State have been able to sell sizable power and earned additional revenue. The Commission also notes that, during the public hearing on the tariff application filed by the ESCOMs, many HT consumer / Association / Federation have requested for continuation of the scheme throughout year during the FY23.

BESCOM has not substantiated its request for discontinuation of the DERS and has not made any analysis to justify the discontinuation of the scheme inspite of sizable number of HT consumers opting for this scheme in BESCOM. Due to good monsoon during the previous calendar year, the surplus situation is likely to continue for FY23 as well. Hence, in order to utilize the surplus energy during FY23, the Commission decides to continue the DERS for the entire period during FY23 in all the ESCOMs, as per the existing terms and conditions.

#### 5. Removal of ToD Tariff for usage of Power during Evening Peaks:

During the course of Public hearing held by the Commission to hear the stakeholders on the tariff application filed by the ESCOMs, the representatives of the Industries and Commerce and KASSIA have requested the Commission to examine the removal of the evening peak ToD tariff, in view of the surplus power situation in the State.

It may be noted here that the evening peak ToD was introduced to reduce the demand from HT consumers and other consumers during the evening peak hours between 18.00 Hrs. to 22.00 Hrs., in view of the power shortage situation which was existing till financial year 2016-17. Consequent on commissioning of new thermal stations by KPCL & NTPC and large scale penetration of wind and solar power generation, the state is in a power surplus situation. Due to adequate solar and wind power availability, the supply to IP sets has been partially scheduled during the day time between 9.00 Hrs. to 17.00 Hrs. This has resulted in the shifting of evening peak to morning/afternoon peak between 10.00 Hrs. to 17.00 Hrs.

During the tariff exercise for revision of Tariff for FY22, the Commission had examined the request for removal of evening peak ToD in view of the surplus power situation and to encourage increased power consumption by HT consumers.

In order to ascertain the feasibility of doing away with evening peak ToD tariff, the KPTCL/SLDC and the ESCOMs were requested to analyze the system constraints in supplying unrestricted power during evening peak hours besides furnishing necessary data for taking a view in the matter.

