



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು
ವಿಶೇಷ ಪತ್ರಿಕೆ

ಭಾಗ - IV-A	ಬೆಂಗಳೂರು, ಬುಧವಾರ, ಫೆಬ್ರವರಿ ೧, ೨೦೧೨ (ಮಾಘ ೧೨, ಶಕ ವರ್ಷ ೧೯೩೩)	ನಂ. ೨೧
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KARNATAKA ELECTRICITY REGULATORY COMMISSION
9/2, 6th & 7th Floors, Mahalaxmi Chambers, M.G. Road, Bangalore-560 001

Notification

No. B/1/12, Bangalore, dated 1st February 2012

Third Amendment to KERC (Tariff) Regulations, 2000

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First Amendment to KERC (Terms & Conditions for Determination Tariff for Distribution and Retail sale of Electricity) Regulations, 2006

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First Amendment to KERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2006

PREAMBLE:

Whereas the Karnataka Electricity Regulatory Commission had proposed certain amendments to the following Regulations, and published the draft amendments in the Official Gazette of Karnataka on 2nd January 2012 inviting objections, suggestions if any,

- 1) The Karnataka Electricity Regulatory Commission (Tariff) Regulations, 2000,
- 2) The KERC (Terms & Conditions for Determination Tariff for Distribution and Retail sale of Electricity) Regulations, 2006
- 3) The KERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2006

Whereas, the Commission has considered the objections / suggestions received and has approved the following amendments to the Regulations as shown below:

In exercise of the powers conferred on it by Section 61 read with Section 181 of the Electricity Act 2003 (No. 36 of 2003), and Section 56 of Karnataka Electricity Reform Act 1999 and other enabling provisions the Karnataka Electricity Regulatory Commission, hereby makes the following Regulations, namely:

1) Short Title and Commencement

These Regulations shall be called,

- i. The Karnataka Electricity Regulatory Commission (Tariff) (third Amendment) Regulations, the KERC (Terms & Conditions for Determination Tariff for Distribution and Retail sale of Electricity) (First Amendment) Regulations, and the KERC (Terms & Conditions for Determination of Transmission Tariff) (First Amendment) Regulations, 2012.
- 2) These Regulations shall extend to the whole of the State of Karnataka.
- 3) These Regulations shall come into effect from the date of their publication in the Official Gazette.

(1) Amendment to Regulations 5(1) (a) KERC(Tariff) Regulations, 2000

Clause as Existing	Clause as Amended
<p>5 Publication of the petition:</p> <p>Reg 5(1) (a)-The summary of the petition, in such format as may be approved by the Commission, shall be published in two successive issues each of two daily newspapers in English language and two daily newspapers in Kannada language having a circulation in the area of operation of the licensee. The advertisement should invite interested persons to file their objections and such documents they seek to rely upon, supported by an Affidavit in six copies within 30 working days of the first advertisement and also indicate whether they would like to be heard in person by the Commission.</p>	<p>5 Publication of the petition:</p> <p>Reg 5(1) (a)-The summary of the petition, in such format as may be approved by the Commission, shall be published in two successive issues each of two daily newspapers in English language and two daily newspapers in Kannada language having a circulation in the area of operation of the licensee. The advertisement should invite interested persons to file their objections and such documents they seek to rely upon, supported by an Affidavit in six copies within 30 days of the first advertisement and also indicate whether they would like to be heard in person by the Commission.</p>

(2) Amendment to Clause 3.8, 3.8.4, 3.9 & 3.11, KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulation, 2006

Clause as Existing	Clause as Amended
<p>3.8 Depreciation</p> <p>3.8.1 Depreciation shall be computed in the following manner, namely:</p> <p>i) The value base for the purpose of depreciation shall be the historical cost of the asset.</p>	<p>3.8 Depreciation</p> <p>3.8.1 Depreciation shall be computed in the following manner, namely:</p> <p>i) The value base for the purpose of depreciation shall be the historical cost of the asset.</p>

Clause as Existing	Clause as Amended
<p>ii) Depreciation shall be calculated annually based on straight-line method over the useful life of the asset and at the rates prescribed in Appendix-1 to these Regulations.</p> <p>iii) The residual life of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset.</p> <p>3.8.2 Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on <i>pro rata</i> basis.</p> <p>3.8.3 The above said rate of depreciation shall be applicable both for the purpose of tariff as well as accounting.</p> <p>3.8.4 The Commission may consider allowing 'advance against depreciation' to the extent of difference between the amount of depreciation computed and the debt repayment for the financial year.</p> <p>3.8.5 Benefit of reduced tariff after the assets have been fully depreciated should remain available to the consumers.</p>	<p>ii) Depreciation shall be calculated annually based on straight-line method over the useful life of the asset and at the rates prescribed in CERC Guidelines/Notification issued from time to time.</p> <p>iii) The residual life of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset.</p> <p>3.8.2 Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on <i>pro rata</i> basis.</p> <p>3.8.3 The above said rate of depreciation shall be applicable both for the purpose of tariff as well as accounting.</p> <p>3.8.4 Deleted</p> <p>3.8.5 Benefit of reduced tariff after the assets have been fully depreciated should remain available to the consumers.</p>
<p>3.9 Return on Equity</p> <p>Return on equity shall be computed on the equity base determined in accordance with clause 3.6 above and shall be @ 14% per annum.</p> <p>For the purpose of return on equity, any cash resources available to the licensee from its share premium account or from its internal</p>	<p>3.9 Return on Equity</p> <p>Return on equity shall be computed on the equity base determined in accordance with clause 3.6 above and shall be @ 15.5% per annum grossed up with allowable MAT (Minimum Alternate Tax) or Applicable Income Tax.</p> <p>For the purpose of return on equity, any cash resources available to the licensee from its share premium account or from its internal</p>

Clause as Existing	Clause as Amended
resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to limitation contained in clause 3.6 above.	resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to limitation contained in clause 3.6 above.
<p>3.11 Interest on Working Capital</p> <p>3.11.1 Working capital shall cover:</p> <p>(a) Operation and maintenance expenses for one month;</p> <p>(b) Maintenance spares @ 1% of the historical cost of assets at the beginning of the year and</p> <p>(c) Receivables equivalent to two month's average revenue.</p> <p>3.11.2 Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the year. The interest on working capital shall be payable on normative basis notwithstanding that the Distribution Licensee has not taken working capital loan from any outside agency.</p>	<p>3.11 Interest on Working Capital</p> <p>3.11.1 Working capital shall cover:</p> <p>(a) Operation and maintenance expenses for one month;</p> <p>(b) Maintenance spares @ 1% of the historical cost of assets at the beginning of the year and</p> <p>(c) Receivables equivalent to two month's average revenue.</p> <p>3.11.2 The Commission shall consider the allowable interest on working capital calculated on normative basis limited to actual expenditure plus fifty percent of the difference between the actual expenditure and the amount as calculated on normative basis.</p> <p>Rate of interest on working capital shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the year.</p>

(3) Amendment to Clause 3.9, 3.9.4, 3.10 & 3.12, KERC (Terms and Conditions for Determination of Transmission Tariff) Regulation, 2006

Clause as Existing	Clause as Amended
<p>3.9 Depreciation</p> <p>3.9.1 Depreciation shall be computed in the following manner, namely:</p> <p>i) The value base for the purpose of depreciation shall be the historical cost of the asset.</p>	<p>3.9 Depreciation</p> <p>3.9.1 Depreciation shall be computed in the following manner, namely:</p> <p>i) The value base for the purpose of depreciation shall be the historical cost of the asset.</p>

Clause as Existing	Clause as Amended
<p>ii) Depreciation shall be calculated annually based on straight-line method over the useful life of the asset and at the rates prescribed in Appendix-1 to these Regulations.</p> <p>iii) The residual life of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset.</p> <p>3.9.2 Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on <i>pro rata</i> basis.</p> <p>3.9.3 The above said rate of depreciation shall be applicable both for the purpose of tariff as well as accounting.</p> <p>3.9.4 The Commission may consider allowing 'advance against depreciation' to the extent of difference between the amount of depreciation computed and the debt repayment for the financial year.</p> <p>3.9.5 Benefit of reduced tariff after the assets have been fully depreciated should remain available to the consumers.</p>	<p>ii) Depreciation shall be calculated annually based on straight-line method over the useful life of the asset and at the rates prescribed in CERC Guidelines/Notification issued from time to time.</p> <p>iii) The residual life of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset.</p> <p>3.9.2 Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on <i>pro rata</i> basis.</p> <p>3.9.3 The above said rate of depreciation shall be applicable both for the purpose of tariff as well as accounting.</p> <p>3.9.4 Deleted</p> <p>3.9.5 Benefit of reduced tariff after the assets have been fully depreciated should remain available to the consumers.</p>
<p>3.10 Return on Equity Return on equity shall be computed on the equity base determined in accordance with clause 3.7 above and shall be @ 14% per annum.</p>	<p>3.10 Return on Equity Return on equity shall be computed on the equity base determined in accordance with clause 3.7 above and shall be @ 15.5% per annum grossed up with allowable MAT (Minimum Alternate Tax) or Applicable Income Tax.</p>

Clause as Existing	Clause as Amended
<p>For the purpose of return on equity, any cash resources available to the licensee from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to limitation contained in clause 3.7 above.</p>	<p>For the purpose of return on equity, any cash resources available to the licensee from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to limitation contained in clause 3.7 above.</p>
<p>3.12 Interest on Working Capital</p> <p>3.12.1 Working capital shall cover:</p> <p>(a) Operation and maintenance expenses for one month;</p> <p>(b) Maintenance spares @ 1% of the historical cost of assets at the beginning of the year and</p> <p>(c) Receivables equivalent to two month's average revenue.</p> <p>3.12.2 Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the year. The interest on working capital shall be payable on normative basis notwithstanding that the Distribution Licensee has not taken working capital loan from any outside agency.</p>	<p>3.12 Interest on Working Capital</p> <p>3.12.1 Working capital shall cover:</p> <p>(a) Operation and maintenance expenses for one month;</p> <p>(b) Maintenance spares @ 1% of the historical cost of assets at the beginning of the year and</p> <p>(c) Receivables equivalent to two month's average revenue.</p> <p>3.12.2 The Commission shall consider the allowable interest on working capital calculated on normative basis limited to actual expenditure plus fifty percent of the difference between the actual expenditure and the amount as calculated on normative basis.</p> <p>Rate of interest on working capital shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1st April of the year.</p>

By Order of the Commission

SECRETARY

Karnataka Electricity Regulatory Commission