

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub: Issue of direction under Section, 11 of Electricity Act, 2003, to State embedded Generating companies/Generators to supply energy to the State, subject to determination of final tariff by Hon'ble Karnataka Electricity Regulatory Commission (KERC).

Preamble:

1. The State electricity demand is presently met from KPCL Thermal & Hydel Plants, CGS, UPCL, RE, Swapping from other States and different segments of Power Exchanges. Due to increase in demand, the State is experiencing a major power crisis on account of failed monsoon and increased demand from agricultural consumers.
2. The demand and energy requirement in the State is increasing day by day and at present the State ESCOMs are facing severe shortage of power to an extent of 3000 to 3500 MW. The State is likely to reach a peak load of 18214 MW and around 357 MU/day during the coming months i.e., from November, 2023 to May, 2024.
3. Even though the installed capacity in the State is around 32,000 MW, meeting the increased demand during the coming months would be a challenging task because, more than 50% of the installed capacity is from renewal energy source which is infirm/uncertain in terms of meeting the RTC demand.
4. The failure of monsoon has resulted in drought situation, resulting in less availability of water in the hydro reservoirs, increased demand of loads, non-availability of required quantum of power in the market even after making all out efforts by ESCOMs to buy power in the market including from the Energy exchange at the maximum cap rate.
5. The State has recorded peak demand of 16,950 MW and energy consumption of 294 MU in the month of August, 2023 due to deficit monsoon, leading to distress situation forcing the SLDC to take Load Management measures since August' 2023. Dependence on power market to meet the increased State demand alone, may lead to uncertainty in availability. The monthly State demand has increased as compared to previous year to an extent of 32%.
6. Due to increase in demand, State is expecting a daily energy shortfall to an extent of 40 – 50 MU.

7. All the market segments are being explored on a day ahead as well as real time basis to meet the unprecedented rise in demand. The entire country is also facing a high demand situation and has recorded a demand of 240 GW in September, 2023 as notified by Grid India Ltd. The availability of power in the market is minimal due to continued dry spells in the absence of normal monsoon and increased demand in all the States.
8. In the prevailing increased State demand situation, one of the options left before the Government is to curtail the load to an extent of 1500 to 2000 MW to maintain grid stability as mandated by CERC & KERC Regulations and orders. However, the curtailment of load may give rise to other unforeseen problems.
9. Thermal units having PPA with ESCOMs are very crucial to meet the state peak demand by running them to their full capacity, however poor quality of coal is leading to non- availability of thermal units/under generation.
10. Moreover, due to sub normal rainfall in the State, the reservoir levels are very low as compared to the last year and over-dependency on hydro generation runs the risk the further depletion of major hydel reservoirs which would affect future power availability. The present energy available from major hydel reservoirs for the current year is short by about 3000 MU. The storage levels in major reservoirs and the generation availability, as compared to previous year is shown below:

Reservoir Name	% storage as on 10.10.2022	% storage as on 07.10.2023	Generation loss in MU
Linganamakki	90.60 %	45.40%	2060
Supa	71.57%	54.37%	543
Varahi	73.79%	36.26%	365
		Total	2968

11. The KERC has approved bilateral purchase of 1000MW-RTC and 250 MW-peak power from October, 2023 to May, 2024 from the power markets and through Deep- e- Portal, which is being pursued.
12. State Government has also requested the MoP, Government of India to allocate 600 MW of unallocated power of Central Generating Stations (CGS) to Karnataka from October, 2023 to May, 2024 considering the severe power crisis in the State.
13. From the facts indicated in the pre-paras, it is evident that, though all efforts are being made to source the power from the various available resources,

the day-to-day demand is not being met on account of wide gap in demand and availability, owing to failed monsoon, unforeseen/foreseen outages and under generation of Conventional generators and uncertainty from RE sources.

14. It has been noted that many generators within the State are exporting power outside the State through power exchange and short-term open access. In view of similar power supply crises in the past also, the GoK had invoked its power under Section, 11 of Electricity Act, 2003 and the State availed the supply of power from intra State generators who are availing Open Access to mitigate the power crisis.

15. Hon'ble Chief Minister reviewed the power situation in the State on 13.10.2023 and directed to impose section, 11 of Electricity Act, 2003 with immediate effect for all intra State generators to inject power into the State grid.

16. Section, 11 of Electricity Act, 2003 provides that:

“Appropriate Government may specify that a generating company shall, in extraordinary circumstances operate and maintain any generating station in accordance with the directions of that Government”

17. It is observed from IEX data, in the short-term market of the last six months, average rate is around Rs.4.86/unit excluding transmission and other related cost.

18. As a matter of policy and in the public interest and to mitigate the severe power shortage in the State, Government of Karnataka hereby direct that all the Generators operating in the State of Karnataka shall run their plants to full exportable capacity and inject all the energy generated to the State Grid for utilization within the State to bridge the demand supply gap. Hence this order.

GOVERNMENT ORDER No. ENERGY 82 PPT 2023,
BENGALURU, DATED: 16.10.2023

In the circumstances explained in the Preamble and in exercise of the power conferred under Section, 11 of Electricity Act, 2003, the State

Government in the public interest hereby issues the following Directions, with immediate effect and until further orders.

1. All the Generators in the State of Karnataka shall operate and maintain their generating stations to maximum exportable capacity and supply all the electricity generated to State Grid subject to following conditions:
 - a. ESCOMs shall pay at Rs.4.86/unit provisionally subject to KERC orders thereon.,
 - b. The balance capacity of UPCL plant, over and above the Contracted capacity with the ESCOMs under the PPA shall be supplied to State at PPA rates.
 - c. Joint meter readings shall be the basis for raising the monthly invoices.
 - d. Rebate of 2% shall be allowed on the bill amount if payment is made within 5 days from the date of presentation of bill or other wise 1% shall be allowed if the payments are made within 30 days.
 - e. Due date for making payment shall be 30 days from the date of presentation of the bill.
 - f. Late Payment Surcharge shall be payable at one-year marginal cost of lending rate (MCLR) of the State Bank of India issued as on 1st April plus 350 basis points; per month, if the payments are made beyond due date.
 - g. The Jurisdictional Distribution Licensee shall deduct the energy at 115% for the energy, if imported by the Generators covered by this Section 11 order.
 - h. Energy injected by Generators under Section 11 shall be allocated amongst ESCOMs as per the quantum approved by KERC in the Tariff order dated 12.05.2023 for the FY 24, is as follows:

BESCOM	46.51%
MESCOM	8.57%
CESC	11.14%
HESCOM	20.60%
GESCOM	13.18%
Total	100.00%

j). The Generators shall raise the bills in the above proportion to respective ESCOMs.

2. The above directions shall not be applicable for the Intra-State Generators who are having valid PPA's with the Distribution Licensees in the State of Karnataka.
3. All State Electricity Supply Companies (ESCOMS) shall file a petition within 15 days from date of this order before the Karnataka Electricity Regulatory Commission (KERC) for approval of tariff specified in this order.

BY ORDER AND IN THE NAME OF
GOVERNOR OF KARNATAKA,



(Vinod Kumar D M)

UNDER SECRETARY TO GOVERNMENT,
ENERGY DEPARTMENT.

To: The Compiler, Karnataka Gazette, Government Press for publication

Copy to:

1. The Accountant General (A&E), Karnataka, Bengaluru-1.
2. The Additional Chief Secretary to Hon'ble Chief Minister, Vidhana Soudha, Bengaluru-1.
3. The Additional Chief Secretary to Government, Finance /Water Resources/ Commerce & Industries/Urban development Departments.
4. The Managing Director, Karnataka Power Corporation Limited, No: 82, Shakti Bhavan, Race Course Road, Bengaluru-1.
5. The Managing Director, Karnataka Power Transmission Corporation Limited, Kaveri Bhavan, Bengaluru-9.
6. The Managing Directors, BESCOM/MESCOM/HESCOM/GESCOM/ CESC.
7. The Secretary, Karnataka Electricity Regulatory Commission, No. 16, C-1, Millers Tank Bund Rd, Vasanth Nagar, Bengaluru, Karnataka 560052.
8. The Managing Director, Karnataka Renewable Energy Development Limited, Nagarabhavi, Bengaluru-560072.

9. The Managing Director, Power Company of Karnataka Limited, Kaveri Bhavan, Bengaluru-1.
10. The Chief Electrical Inspector to Government, 32/1, 2nd Floor, Crescent Towers, Crescent Road, Bengaluru-1.
11. The Chief Engineer, SLDC, Ananda Rao Circle, Bengaluru.
12. All Power Generators in Karnataka State (through KPTCL/SLDC/PCKL).
13. The Director (Tech)/ Director (Finance), Energy Department, Vikasa Soudha, Bengaluru-1.
14. P.S. to the Chief Secretary to Government, Vidhana Soudha, Bengaluru-1.
15. P.S. to Energy Minister, Vidhana Soudha, Bengaluru-1.
16. P.S. to Minister for Textiles & Sugarcane, Vidhana Soudha, Bengaluru-1
17. P.S. to the Additional Chief Secretary to Government, Energy Department Vikasa Soudha, Bengaluru-1.
18. P.A. to Additional Secretary to Government, Energy Department, Vikasa Soudha, Bengaluru-1
19. Spare Copies/Office Copy.