

BPAC Ref: 2015/IM/01

September 14, 2015

To

Shri. R.V. Deshpande,

Honorable Minister for Industries,

Govt. of Karnataka,

Vidhana Soudha,

Bangalore 560001

Sub: Need for reduction in surcharge for direct access power purchases for industrial consumers in Karnataka State

Dear Sir,

Bangalore Political Action Committee (B.PAC), on behalf of the citizens of Bangalore, would like to draw your kind attention to one important aspect of power supply tariff structure that cripples the industrial sector in Karnataka.

As you are fully aware of the present power crisis in Karnataka and how the resultant power cuts and load shedding are affecting the industrial production so adversely. Since the government owned power distribution companies have failed in providing uninterrupted power supply to industries as they demand, the only other viable option for the

industries is to look for alternate sources of power through direct access power purchase agreements.

Though the present KERC has taken appreciable initiatives to set up a single point nodal agency to approve such requests for PPAs within the specified time limits, one major hitch that deters industries to go for direct access PPAs is the drastic increase in Cross Subsidy Surcharges (CSS) imposed in last tariff revision.

Industrial consumers at 11/33 KV and at 66KV/above, paying CSS of 7 paisa and 42 paisa per unit earlier, now have to pay 63 paisa and 98 paisa per unit whereas their commercial counterparts who were paying CSS of 138 and 173 paisa per unit last year now end up paying 160 and 195 paisa per unit respectively, making the direct power purchase almost an unviable option for consumers and thereby denying indirectly their rights to get out of the tangles of power cuts and industrial losses by entering into direct power purchased agreements. In fact if the government encourages more and more large industrial units to find their own power sources by entering into PPAs that will in turn reduce the demand on ESCOMs, thus bringing down the power deficit of the state, leading to resolve the current crisis.

Sir, your good self being the dynamic and result oriented industries minister of the state, we have absolute faith that your kind timely intervention with the ministry of power and KERC could eliminate this unprecedented Cross Subsidy Surcharges and thereby helping the ailing industrial sector of Karnataka immensely.

Anticipating your immediate positive response in this serious issue concerning the whole industrial sector of Karnataka.

Thanking you,

Yours faithfully

-Sd-

Dr. Kiran Mazumdar-Shaw
President

-Sd-

T.V Mohandas Pai
Vice President

-Sd-

Revathy Ashok
Chief Executive Officer

-Sd-

Dr Hari Parameshwar
Head – Regulatory Affairs

CC:

1. Shri. Kaushik Mukarjee, Chief Secretary, GoK,
2. Secretary, Dept of Industries, GoK