



Karnataka Electricity Consumers' Association(KECA)

(Affiliated to All India Electricity Consumers associations -AIECA)

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To,

The Hon'ble Chairman and Members,
Karnataka Electricity Regulatory Commission(KERC),
Vasanthnagar, Bengaluru – 560052.

Sub: Objection to the Applications Filed by M/s Tata Power Company Limited for Grant of Parallel Distribution Licences in Karnataka

Respected Sir,

We, the Karnataka Electricity Consumers Association (KECA), representing the retail, domestic, agricultural, and small-scale industrial electricity consumers across Karnataka, begs to submit our Memorandum of Objection.

The Karnataka Electricity Consumers Association (KECA) urge the Hon'ble Commission to summarily reject the petitions filed by M/s Tata Power Company Limited (TPCL) seeking parallel distribution licenses in the following operational areas of the state-owned ESCOMs:

- **BESCOM Areas:** Chikkaballapur, Ramanagara, Kolar, Bengaluru Rural, Tumakuru, and Chitradurga.
- **MESCOM Areas:** Shivamogga, Dakshina Kannada, and Udupi.
- **HESCOM Areas:** Belagavi, Uttara Kannada, and Dharwad.
- **CESC Areas:** Mysuru, Chamarajanagar, and Hassan.

We strongly urge the Hon'ble Commission to reject these applications for the following reasons:

1. Structural Collapse of the Cross-Subsidy Mechanism

As you know Electricity is an essential utility and Electricity distribution in Karnataka is based on a well-established cross-subsidy model. Revenue earned from industrial, commercial, and urban consumers helps support subsidized or free electricity supply to agricultural pump sets and economically weaker rural households.

- The proposed private licensee is likely to focus primarily on high-revenue industrial and commercial consumers.
- If these consumers shift to a private distributor, public ESCOMs will lose a major portion of their revenue while continuing to serve subsidized agricultural and rural consumers.
- This will weaken the financial sustainability of the existing electricity distribution system.

2. Increased Financial Burden on Public ESCOMs and Consumers

- Any reduction in the consumer base of BESCOM, MESCOM, HESCOM, and CESC will adversely affect their ability to recover their Annual Revenue Requirement (ARR).
- This could result in growing financial losses for the public utilities.



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- Consequently, either the State Government will have to provide higher subsidies from public funds, or electricity tariffs for ordinary consumers may have to be increased significantly to compensate for the revenue loss.

3. Duplication of Infrastructure and Unnecessary Costs

Under Section 14 of the Electricity Act, 2003, a parallel distribution licensee is required to establish and operate its own distribution network.

- Karnataka already has an extensive electricity distribution infrastructure developed using public funds.
- Creating a parallel network of substations, transformers, and distribution lines in the same areas would lead to unnecessary duplication of assets.
- Such duplication is economically inefficient and may ultimately increase costs that are passed on to consumers through various charges and regulatory mechanisms.

4. Impact on Power Sector Employees and Workforce Welfare

The induction of private licenses alters the operational economics of the entire state power sector, including the Karnataka Power Transmission Corporation Limited (KPTCL) network ecosystem.

- Private distribution models rely heavily on unorganized outsourcing, contract labor, and aggressive automation, which directly threatens the job security, fair wage structures, and pension guarantees of thousands of permanent and contract power workers across Karnataka.
- A fragmented distribution landscape will compromise unified grid discipline, workforce safety standards, and long-term employment stability in a critical public utility segment.

In view of the above, the Karnataka Electricity Consumers Association (KECA) respectfully requests the Hon'ble Commission to:

1. Reject the applications filed by M/s Tata Power Company Limited for parallel distribution licenses in Karnataka in their entirety.
2. Conduct a comprehensive independent socio-economic impact assessment on how parallel licensing affects cross-subsidization patterns and the state exchequer before listing any such applications for public hearings.

We trust that the Hon'ble Commission will safeguard the interests of consumers and the long-term sustainability of the public electricity distribution system in Karnataka.

Yours sincerely,

K Venugopal Bhat
President

V Gnanamurthy
General Secretary

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