


**KERALA STATE ELECTRICITY BOARD Ltd**

(Incorporated under the Companies Act, 1956)

Registered Office: Vidyuthi Bhavanam, Pattom, Thiruvananthapuram - 695 004

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**ABSTRACT**

Settlement of the electricity charge dues of Kerala Water Authority - Deploying the recovery measures - Orders issued.

B.O. (FTD) No. 6 /2024 (KSEBL/FA/ABP/4/2023-FO 1) Thiruvananthapuram, Dated: 4-01-2024

- Read :
1. G.O.(Rt.) No.7599/2023/FIN dated.30.10.2023.
  2. G.O. (Ms.) No.24/2015/PD dated 29.06.2015.
  3. Letter No.B&P/KWA/Escrow/2023-24 dated 07.11.2023 of Director (Finance).
  4. Letter No.KWA-JB/920/2023-F6(Funds) part I dated 20.11.2023.
  5. Letter No.KWA-JB/920/2023-F6(Funds) part I dated 14.12.2023.
  6. Note No.Fin.1/Credit/Financial position March-23/2023-24 dated 22.11.2023.
  7. Note No.KSEBL/FA/ABP/4/2023-FO1/I/14233/2023 dated 19.12.2023 of the Financial Adviser submitted to the Full Time Directors (Agenda No 5 -1/2024).

**ORDER**

The Government as per G.O. read as 1<sup>st</sup> above has accorded sanction to open an Escrow account by Kerala Water Authority to settle the electricity charges dues to KSEB Limited with effect from 01.11.2023 onwards as envisaged in the G.O. read as 2<sup>nd</sup> above. Accordingly, a letter read as 3<sup>rd</sup> above was sent to KWA to provide the details of bank accounts which can be treated as Escrow Account and to intimate a convenient date for execution of Escrow agreement. Though KSEB Officials have met Joint MD, KWA with Escrow agreement for execution, the KWA officials were reluctant to execute the same.

KWA as per letter read as 4<sup>th</sup> above has intimated that they can remit only an amount of Rs.9.50Crore per month and requested to modify the draft Escrow agreement accordingly. Further as per letter read as 5<sup>th</sup> above KWA has intimated that Escrow agreement will be executed on getting further instructions from Government. As per clause (ii) of the G.O. cited to, Escrow account shall be started for remitting 25% of the monthly income of KWA for clearing the electricity charges and particular amount shall be made available to KSEB Ltd on a monthly basis for this. As per the collection reported by KWA as per letter read as 4<sup>th</sup> above, the average monthly water charge collection is around Rs.100 Crores and according to the GO, KWA has to open Escrow account of at least Rs.25 Crores per month.

Electricity charge dues of KWA are accumulating at Rs.37 Crore per month which will increase once the tariff order is approved by KSERC in the forthcoming years. Accumulating arrears of KWA contributes a major portion of receivables of KSEBL. Considering the recent hike in water charges, the Honorable Chief Minister in the last meeting instructed KWA to make monthly current charge payments promptly and the arrears will be taken over by Government for settlement against electricity duty. The Chief Secretary was instructed to take further actions in this regard. Consequent to the meeting conducted by Chief Secretary, G.O. was issued on 30.10.2023 for opening the Escrow Account, but no positive steps have been initiated



KSEBL is undergoing severe financial crisis on account of various factors like cancellation of long term power purchase agreements, Government direction to remit electricity duty, non-availability of fresh loans from financial institutions due to stringent prudential norms, higher power purchase costs ensuing repayment of KIIFB loan etc. The Secretary (Power) has orally instructed in the meeting held on 7<sup>th</sup> December, 2023, to initiate disconnection process against KWA if they are reluctant to execute the Escrow agreement and the Finance Secretary in the last meeting on additional borrowings has instructed KSEBL to resort disconnection procedures in the case of non- payment of dues except hospitals.

The matter was placed before the Full Time Directors as per the note read as 7<sup>th</sup> above.

Having considered the matter in detail, the Full Time Directors has resolved to accord sanction for the following:

1. To intimate the financial situation of the KSEBL to the Government to take urgent decision to settle pending dues from Government Departments;
2. To entrust Arrear Clearance Cell, O/o CIA to set order of priority on KWA connections for the collections received from KWA;
3. To request the Government may be requested to instruct KWA to execute Escrow agreement for an amount equivalent to the actual monthly electricity charges; and
4. To take up with the Government seeking permission to initiate steps with effect from January 2024 as per the Supply Code to effect disconnection of power supply of Government Department consumers and PSUs including KWA connections (except Government hospitals) having current charge arrears.

Orders are issued accordingly.

By Order of the Full Time Directors

  
LEKHA G A / 1 / 2024  
COMPANY SECRETARY

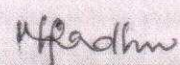
To:

The Chief Engineers (Distribution)  
The Financial Adviser  
The Chief Internal Auditor

Copy to:

The Company Secretary/ Chief Engineer (IT,CR&CAPS)/ Financial Advisor/ LA&DEO/ Chief Internal Auditor  
The TA to the Chairman & Managing Director / Director (Generation-Civil) / Director (Distribution, Safety, SCM & IT) / Director (Transmission, SO & Planning)/ Director (Generation - Electrical, REES, SOURA, Sports & Welfare)  
The PA to the Director (Finance & HRM)  
The Sr. CA to the Secretary (Administration)  
The RAO/ RAO  
Stock File.

Forwarded / By Order

  
FINANCE OFFICER