



## KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956), CIN:U40100KL2011SGC027424

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### ABSTRACT

One Time Settlement Scheme (OTS-2023) – Implementation of KSERC Order- sanctioned – orders issued

#### CORPORATE OFFICE (Commercial & Tariff)

Office Order ( DF )No. 1030/2023(TRAC/GL/OTS-2023/22-23)dated, Thiruvananthapuram 20.07.2023

- Read: 1. Petition No. OP 35/2023 filed by KSEBL for approval of One Time Settlement of arrears  
2. KSERC Order dated 19.07.2023 in Petition OP 35/2023.  
3. Note No.TRAC/GL/OTS-2023/22-23 dated 20.07.2023 of the Chief Engineer(Commercial & Tariff)

The Hon'ble KSERC as per the order read as 2<sup>nd</sup> above has given approval for implementing the One Time Settlement (OTS-2023) scheme from 20.07.2023 to 30.12.2023 with certain modifications in the proposal submitted by KSEBL. Further in the order, the following directions had also been given by the Commission regarding the implementation of the scheme.

- i) All cases under OTS -2023 shall strictly be settled as per the approval given by the Hon'ble Commission and no deviation from the approved Terms and Conditions and guidelines are allowed.
- ii) The Full Time Directors of KSEB Ltd shall review the progress of OTS-2023 on a monthly basis and file the outcome of the review, including course correction measures, if any, undertaken, before the Commission on the 25<sup>th</sup> day of every month until the closure of the scheme.
- iii) KSEB Ltd shall introduce a target based incentive/appreciation mechanism for each level of administrative hierarchy viz section, sub division, division, circle and region based on achievement of recovery of arrears.
- iv) KSEB Ltd shall within one month after the closure of the OTS-2023, submit the consumer wise details of the arrears settled under the scheme, with all particulars including the tariff category, principal amount, age of arrears, amount settled under OTS, interest due, interest settled, instalment facilities availed by the consumer etc.
- v) KSEBL to give wide publicity about the scheme through print, audio and visual medias and also to intimate each consumers having arrears above 2 years the savings amount in availing the OTS scheme.

Considering the fact that, an effective implementation of OTS scheme can restrict the accumulation of arrears to a great extent, the Chief Engineer (Commercial & Tariff) as per the note read as 3<sup>rd</sup> above has recommended for implementing the OTS-2023 scheme, as approved by the Hon'ble Commission and had suggested various measures for implementing the same in compliance to the directions given by the Hon'ble Commission. Having considered the above note in detail, the Director (Finance) had accorded sanction for the following;

- i) To implement the OTS-2023 scheme from 20.07.2023 to 30.12.2023.

- ii) To approve the Terms and Conditions and the Guidelines for settling cases under the OTS -2023 scheme prepared as per the approval given by KSERC, attached as appendix.
- iii) To authorise the Accounts Officer, Arrear Clearance Cell, O/o the Chief Internal Auditor to monitor the progress of OTS-2023 scheme on a monthly basis and to report the same before the Full Time Directors through Chief Engineer (Commercial & Tariff) before 15<sup>th</sup> of every month and also to collect the entire details after the completion of the scheme within one month for favour of submitting it before the Hon'ble Commission.
- iv) To authorize the TA to the Director (Distribution, IT & SCM) to formulate a methodology for providing incentive/appreciation to the field offices and the SOR office based on the achievement made by these offices for recovery of arrears.
- v) To authorize Public Relation Officer to give maximum publicity of the above OTS - 2023 scheme through print, audio, visual media, KSEBL website and to display the scheme in all offices of SBU – Distribution.

It is further ordered to designate the Arrear Clearance Cell as the monitoring and reporting office for the above Scheme. The Chief Engineer (IT) shall promptly backup the data in billing software as of 20.07.2023 and store it separately.

Orders are issued accordingly

By Order of the Director

Sd/-  
**SABITHA S**  
Secretary (Administration)

To

The Chief Engineer (Commercial & Tariff)  
The Chief Engineer (IT)  
The TA to Director (Distribution, IT & SCM)  
The Public Relation Officer, KSEBL.  
All Chief Engineers, Distribution.  
The Special Officer (Revenue)  
The Accounts Officer, Arrear Clearance Cell

Copy to:

The Financial Advisor/ Deputy Chief Engineer (TRAC)/ The Chief Internal Auditor/ TA to (CMD)/ PA to Director (Finance & HRM)/TA to Director(GC)/ TA to Director(T, SO, Planning & Safety)/TA to Director(GE, R,S,S&W)/ CA to Company Secretary/ Sr.CA to Secretary (Administration)/ CA to IGP (CVO, KSEBL)/ FCS/ Library.

Forwarded by Order  
  
Assistant Executive Engineer

**A. Terms & Conditions**

**1. Eligibility**

Consumers with arrears for more than two years will be eligible to apply for One-time-settlement scheme-2023. ie; arrear resulted from demand raised prior 20.07.2021. The actual date in which the amount becomes originally due will be taken for assessing eligibility. The scheme will also be open to those cases where RR action has been initiated and those pending before courts. However, theft cases booked under section 135 of Electricity Act 2003 and demand issued invoking section 127(6) of the Electricity Act, 2003 will not be considered under this scheme.

**2. Period of the scheme:**

The scheme shall be open from 20.07.2023 to 30.12.2023.

**3. Time schedule of the scheme**

20.07.2023 - Intimating consumer about the scheme.  
01.08.2023 - Acceptance of application.  
01.08.2023 - Commencement of issue of demand notice  
26.12.2023 - Last date of accepting application form  
30.12.2023 - Last date to issue of demand notice and remittance of first installment by the consumer

**4. The Scheme:**

The Consumer will be eligible to get reduced rate in interest as per the scheme. The Interest can be remitted in six months time with equal instalments. The consumer has the option to remit the principal portion of the arrear in lump sum along with first instalment of interest, or avail the instalment facility with interest as per the Clause-7 of the Terms and Conditions of OTS 2023.

**5. Reduction in Interests :**

- (1) Age of arrears above 15 years- 4%
- (2) Age of arrears between 5 years to 15 years- 5%
- (3) Age of arrears above 2 years and below 5 years- 6%

For arrears of continuous nature, the entire arrear will be split agewise and the applicable rate of interest will be applied. ie; 4% rate for arrears above 15 years, 5% interest on arrears between 5 to 15 years, and 6% for arrears between 2 to 5 years.

No further interest will be levied for payment of interest portion in installment upto six months.

**6. Full settlement option:**

Consumer may also remit the entire principal amount and total reduced interest in one lump sum. In such cases, a rebate of 2% on interest amount (total reduced interest amount) would be granted.

**7. Installment on principal amount**

*The consumers with arrears have the option to remit the principal amount in one lumpsum along with the first instalment of the interest, or can avail upto 12 instalment facility for remitting the principal amount with simple interest rate of 10.10%. The interest amount on principal amount during the instalment period is over and above the interest under OTS-2023. The instalment facility on principal amount shall be given by the officers authorised by the management of KSEB Ltd.*

8. **Extended provision for above 50 lakh/ closed down units:**  
Deleted
9. **Dismantled connections :**  
The MD charges /fixed charges demanded will be limited to six months after disconnection. No charges will be levied after the date of dismantling or six months after disconnection whichever is earlier. Fresh application for new connection will have to be submitted for reconnection of services in dismantled cases.
10. **Industrial units/Plantations with different spells of closure (intermittent period of closure):**  
The MD charges /fixed charges will be limited to six months from the date of disconnection in each spell of closure.
11. **Reduction in MD for Demand based billing consumer during period of closure**  
*"In the case of EHT/HT/LT consumers having demand based billing, there are instances where the production process ceases for a considerable period with a nominal consumption. Even under such conditions, the monthly billing demand will be 75% of contract demand. Several such demands may have ended up in litigations and may be remaining unrealized. In such cases, the outstanding demand of the consumer can be settled by the Full Time Directors of KSEBL as per the item 5 of the 'B. Guidelines for settling arrears under OTS 2023'.*
12. **Revenue Recovery action cases:**  
The surcharge and the Demand notice charges with respect to the revenue department will have to be remitted by the consumer additionally when RR action is initiated by KSEBL.
13. **Arrears under litigation :**  
*"Arrears under litigation can also be settled under OTS-2023. KSEB Ltd shall assess the interest and principal payable under OTS-2023, the net savings if the scheme is availed etc to all consumers having arrears of age more than two years held up in court cases, to each consumers within one month from the date of this Order.  
The consumers having arrears of more than two years of age held up in court cases shall withdraw the case before commencement of first instalment under OTS 2023."*
14. **Receipt and processing of Application for settlement :**  
Application from LT consumers will be accepted in respective Electrical Section Office and forwarded to Deputy Chief Engineers of electrical circle for settlement. Deputy Chief Engineers of all Electrical Circles will be authorized to settle arrears of LT consumers without limit. Applications from HT & EHT consumers will be accepted by SOR. Those cases will be put up before FTD.
15. **Publicity:**  
The Public Relations Officer, KSEBL and Deputy Chief Engineers of Electrical Circles shall give wide publicity about the scheme in local newspapers, cable TV, FM radios etc; periodically till end of the scheme. The Senior Superintendent at Electrical Section Office and Special Officer (Revenue) at Corporate Level will be responsible for informing consumers with arrears about the scheme. Intimation shall be given to all such consumers clearly indicating the savings the consumer would get by opting the scheme. The Accounts Officer (Arrear Clearance Cell), O/o CIA shall intimate the details of the scheme directly to heads of all Government departments, PSUs, Government institutions and local bodies.

## **B. Guidelines for settling arrears under OTS 2023**

### **General:**

The alarming accumulation of pending arrears has been a constant cause of concern for KSEB Ltd. A substantial share of such arrears is being held up in litigation before various Courts. This in turn precipitates huge revenue arrears in Board's accounts, which includes amounts that may be practically unrecoverable by any lawful means. The OTS schemes implemented previously has been quiet effective as large no of arrears pending has been realized. In order to collect the maximum amount of arrears held up in litigation and other issues, the Board is introducing a new scheme named as OTS -2023. The present scheme covers all arrears which are more than two years but specifically **excludes theft cases booked under Section 135 of the Electricity Act 2003 and demand issued invoking section 127(6) of the Electricity Act, 2003.**

As the judicial processes involved in resolving disputes are time consuming affairs and as the parties are at liberty to go for appeals, such disputes would be shuttling back and forth by way of appeals, remissions, de-novo disposals etc., and the Board would remain deprived of a fair share of its revenue by way of the predicament. Taking a serious view of the matter, the Board has decided to issue the following guidelines which is almost in line with the earlier guideline issued for OTS -2022.

### **1. LITIGATIONS PERTAINING TO ASSESSMENTS MADE IN METER FAULTY CASES**

**Probable situations and positions :** Back assessments for meter faulty cases are being effected in several cases, pursuant to RAO audit/AG audit. In a majority such cases assessments are issued for several months without any uniformity. In this context it is worth mentioning the fact that the licensee Board is bound to issue such assessments under Regulations 125 of the Kerala Electricity Supply Code, 2014 only. If the consumer was already issued with monthly/bi-monthly bills for average consumption, then the Board is not empowered to issue revised short assessments after taking into consideration the average consumption after the meter is replaced. This position has been clarified by the Kerala State Electricity Regulatory Commission vide clarification letter dated 30.05.2017 wherein it is clearly stated that *"there is no provision for re-assessment of current charges for the meter faulty period by taking an average of subsequent meter reading, after realizing the electricity charges on the basis of average consumption of the past three billing cycles"*. Moreover, as per Section 55(1) of the Electricity Act, 2003 *" No licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Authority"*.

**General guide line for settlement :** Back assessments for periods of meter fault, where regular bills were issued on average consumption is unlawful and is liable to be withdrawn. Hence litigations in such issues can be closed by withdrawing such demands.

### **2. DISPUTES PERTAINING TO MINIMUM GUARANTEE**

**Probable situations and positions:** The concept of Minimum Guarantee is no longer in existence and there are certain isolated instances of disputes pertaining to the same subject matter which had its genesis based on the previous regulations. Many of such demands are presently tied up in litigations. Most of such installations might have already become self remunerative with a few exceptions.

**General guide line for settlement:** In cases where the installations have become self remunerative, demands already issued can be revoked. The benefit of reduced interest rate for age wise category as per the OTS-2023 scheme can invariably be extended to the consumers in such cases.

3. **DISPUTES REGARDING UNCONNECTED MINIMUM (UCM)**

**Probable situations and positions:** Unconnected Minimum is the offshoot of the erstwhile regulation and there are a few disputes/ litigations still pending on it. By placing reliance upon whether the infrastructure has become self remunerative bills already issued can be withdrawn, recording genuine and convincing reasons. Whereas, if the infrastructure is being erected for the sole purpose of the party in dispute and if the same is still remaining unutilised, the party is legally bound to remit the said amount.

**General guide line for settlement:** In cases where the installations have become self remunerative, demands already issued can be revoked. Reduction in interest shall be considered at the interest rates as per the OTS-2023 scheme.

4. **DISPUTES CONNECTED WITH WRONG APPLICATION OF MULTIPLICATION FACTOR**

**Probable situations and positions:** Instances of detection of wrong application of multiplication factor at a later date and its consequential back assessment has led to several legal wrangles. In such cases the licensee is well within the legal frame work to back assess the consumer notwithstanding the time span.

**General guide line for settling:** Reduction in interest rate based on age wise category as per the OTS-2023 scheme and suitable instalments can be considered in genuine cases.

5. **Reduction in MD for Demand based billing consumer during period of closure.**

In the case of EHT/HT/LT Industrial consumers having demand based billing, there are instances where the production process ceases for a considerable period with a nominal consumption. Even under such conditions, the monthly billing demand will be 75% of contract demand. Several such demands may have ended up in litigations and may be remaining unrealized. In such cases, the outstanding demand of the consumer can be settled by the Full Time Directors of KSEBL considering the recorded MD of the consumer as an indicator as per the above OTS scheme. The application from LT consumers under the above will be received by the Senior Superintendant of the concerned section office and place it before the Circle Level Committees. The Circle Level Committee shall be constituted by the convener of the Committee comprising of following members;

1. The Deputy Chief Engineer of the concerned Electrical Circle (Convener)
2. The Executive Engineers of Electrical Divisions
3. Assistant Executive Engineers of Electrical Sub Divisions
4. Divisional Accountant/ Senior Superintendent of Electrical Division/Circle
5. Regional Audit Officer
6. Nodal Officer Litigation

The Committee shall examine the issue and if needed will interact with the consumers and propose settlement formula in compliance to the scheme approved by the Hon'ble KSERC and take up the same with the Full Time Directors through the Director (Distribution). The applications for HT consumers will be received at the office of the SOR. The applications shall be processed by SOR and place before the State Level Committee constituted with the following members;

1. The Chief Engineer (Commercial & Tariff) – (Chairman)
2. The Special Officer (Revenue) - (Convener)
3. Senior Law Officer or his representative
4. Accounts Officer (Arrear Clearance Cell)
5. T.A to the Director (Distribution)

The State Level Committee constituted as above shall carefully examine the issues in such cases, interact with the consumers if needed and shall propose a settlement in compliance to the scheme approved by the Hon'ble KSERC to the Full Time Directors for settlement.