

**KERALA STATE ELECTRICITY REGULATORY COMMISSION  
THIRUVANANTHAPURAM**

**Petition No: OP 51 / 2023**

**Present : Sri T K Jose, Chairman  
Adv. A J Wilson, Member  
Sri. B Pradeep, Member**

In the matter of : Petition for approval of One Time Settlement (OTS) scheme to collect long pending outstanding dues from consumers

Petitioner : M/s Thrissur Corporation Electricity Department

Represented by : Sri.Krishnakumar, Assistant Secretary, TCED  
Sri. T.S Jose, Electrical Engineer, TCED  
Sri.Baburaj, Senior Superintendent, TCED  
Smt.Reena C.J, Senior Superintendent, TCED

Date of Hearing : 12.12.2023

Venue : Court Hall, Office of the Commission

**Order Dated 14.12.2023**

1. M/s Thrissur Corporation Electricity Department under Thrissur Municipal Corporation (*hereinafter referred as TCED or the Licensee*) is a deemed distribution licensee under the Electricity Act, 2003, having an operational history since August 1937, when the generation & distribution business of Cochin State Power & Light Corporation Ltd was purchased by the then Thrissur Municipality. The current license area of the TCED corresponds to the administrative limits of the old Thrissur Municipality limits covering an area of approximately 12.65 sq.km. TCED has filed the petition for approval of One Time Settlement (OTS) scheme for collecting long pending outstanding dues from consumers amounting to a total of Rs.13.47 Crore.
2. The licensee has submitted a scheme for introduction of OTS scheme which is briefed below:
  - i. **Eligibility:** Consumers with arrears prior to 31.3.2018 will be eligible to apply for One Time Settlement scheme 2023. The actual date on which the amount becomes originally due will be taken for assessing eligibility. The scheme will also be open to those cases pending before courts.

- ii. Period of the scheme :** The proposed period for opting OTS scheme is from 01.09.23 - 31.03.2024 (6 months)
- iii. The time schedule of the scheme**
- |              |   |
|--------------|---|
| 01.09.2023 - | intimating the consumer about the scheme  |
| 15.09.2023 - | acceptance of application and commencement of issue of demand notice                |
| 25.03.2023 - | last date for accepting application form  |
| 31.03.2024 - | Last date to issue demand notice and remittance of first instalment by the consumer |
- iv. 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 the interest, or avail the instalment facility with interest as per the terms and conditions of OTS 2023.
- v. Reduction in interest:** TCED proposes One Time settlement with the following reduction in interest rates in compliance with the Regulation 136(5) of Kerala Electricity Supply Code, 2014.
- More than 15 years - 4% flat rate for the entire arrear
  - Between 5 to 15 years - 5% flat rate for the entire arrear
  - Outstanding arrears below 5 years - 6.65% flat rate for the entire arrear.
  - The licensee has stated that no further interest will be levied for payment of interest portion in installment up to 6 months.
- vi.** Intimation shall be given to each eligible consumer clearly indicating the saving the consumer can get on opting the scheme. The Senior Superintendent Billing will be responsible for intimating the consumers. The Assistant Secretary, TCED shall intimate the details of the scheme directly to the Head of all government departments, Public Sector Undertakings and Government institutions.
- vii. Full settlement option:** The consumer may also remit the entire principal amount and total reduced interest in one lump sum. In such cases, a rebate of 2% on the total interest amount arrived at the interest rate would be allowed.
- viii. Instalment on principal amount:** The consumers with arrears have the option to remit the principal amount in one lump sum along with the first instalment of the interest, or can avail up to 6 instalments facility for remitting the principal amount with interest at base rate declared by SBI as on 1<sup>st</sup> of April 2023 during the instalment period.

- ix. Dismantled Connections:** The fixed charges demanded will be limited to a period of six months after disconnection. No demand charges shall be levied after due date of dismantling or six months after disconnection whichever is earlier. In case the party wants the connection to be re-effected subsequently, they have to apply for fresh connection.
  - x. RR action cases:** The surcharge and demand notice charges payable to the revenue department will have to be remitted by the consumer additionally where RR action has been initiated by TCED.
  - xi. Arrears under litigation:** Arrears under litigation can also be settled under OTS 2023 subject to the withdrawal of court cases before the remittance of first instalment.
  - xii. Receipt and processing of application for settlement:** Application from LT & HT consumers who opt for this scheme shall be accepted in the concerned Billing section. The cases shall be forwarded to concerned Billing Superintendent for settlement. However, if installments for principal is required by LT consumers the same shall be taken up with Hon'ble Mayor.
  - xiii. Publicity:** TCED shall give wide publicity about the scheme in local newspapers, cable TV, website etc. periodically till the end of the scheme. The Senior Superintendent, Billing will be responsible for intimating the consumers clearly indicating the savings the consumer can get on opting the scheme.
3. The Commission has sought clarification on the petition. The licensee had not submitted full details to clarify the queries sought by the Commission. The petition was admitted as **OP 51/23** and was posted for hearing on 12.12.2023. The hearing was conducted at the Court Hall, Office of the Commission.
  4. The licensee was represented by Sri. Krishnakumar, Assistant Secretary, Sri. T.S Jose, Electrical Engineer, Sri .Baburaj, Senior Superintendent, Smt.Reena C.J, Senior Superintendent and other officers of the licensee. Sri.T.S Jose presented the petition before the Commission and replied to the queries of the Commission.
  5. TCED has been following the accrual system of accounting and accordingly, as soon as the licensee raise invoice to the consumers for the electricity charges payable, the amount due from the consumer is accounted as revenue of the licensee, irrespective of whether the consumer remit the electricity charges or not as per the invoice in time. Accordingly, it is the responsibility of the licensee to collect the arrears from the consumers, which is already accounted as its revenue.

6. The Regulation 136 of the Kerala Electricity Supply Code, 2014 deals with 'recovery of arrears and its limitation. The relevant Regulation is extracted below for ready reference.

*“136. Recovery of arrears and its limitation.- (1) The licensee shall be entitled to recover arrears of charges or any other amount due from the consumer along with interest at the rates applicable for belated payments from the date on which such payments became due.*

*(2) The licensee may prefer a claim for such arrears by issuance of a demand notice and the consumer shall remit the arrear amount within the due date indicated in the demand notice.*

*(3) No such sum due from any consumer, on account of default in payment shall be recoverable after a period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable arrear of charges for electricity supplied.*

*(4) If the consumer fails to remit the amount of arrears with interest on or before the due date indicated in the bill or in the demand notice, the licensee may disconnect the supply of electricity after giving notice and initiate proceedings for the recovery of the arrears in accordance with the relevant legal provisions.*

*(5) The licensee may formulate a scheme for one-time settlement of long pending arrears and implement the scheme with prior approval of the Commission:*

*Provided that such one-time settlement schemes shall be open only for short duration.”*

7. As extracted above, as per the Regulation 136(5) of the Supply Code, 2014, TCED as the distribution licensee has to formulate and suggest suitable scheme for settlement of the long pending arrears due from the consumers.
8. The Commission viewed that the present petition was only a half-hearted attempt and the licensee had not applied their mind into the matter nor do they have a proper idea as to how the arrear amount is to be collected. The licensee in the petition had stated that consumers with arrears prior to 31.3.2018 will be eligible to apply for One Time Settlement scheme 2023, which is not a correct stand. As per the provisions of the Supply Code, 2014, any consumer who has arrears as on the appointed date is eligible for applying for One Time Settlement scheme. Accordingly, Commission is of the opinion that consumers having arrears as on 14.12.2021 shall be made eligible for applying for One Time Settlement scheme.
9. TCED may take notice of the OTS Order issued for KSEB Ltd dated 19.07.2023 in OP 35/2023 which is applicable from 20.07.2023 to 30.12.2023.

The salient features of the OTS Scheme 2023 of KSEB Ltd are the following;

- **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.

- **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 age wise 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 instalment upto six months.

- **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 at base rate declared by SBI as on 01.04.2023. The interest 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.

- **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 more than two years held up in court cases and to intimate 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.”

10. ***Commission is of the considered view that the OTS Scheme 2023 of TCED can be approved in line with the OTS Scheme 2023 of KSEB Ltd.***
11. The licensee is directed to submit the following details on or before 28.12.2023
- a) Split up consumer category wise details (principle + interest)
  - b) Submit the consumer category wise age wise details of the arrears in the following pattern.
    - Upto 6 months
    - 6 to 12 months
    - Between 1 to 2 years
    - Between 2 to 5 years
    - Between 5 to 10 years
    - Between 10 to 15 years
    - Above 15 years
  - c) Arrears pertaining to dismantled connection. The licensee may also clarify whether the said amount has been considered for OTS Scheme.
  - d) Details of installment facility, if any and conditions for allowing installment facility.
  - e) Arrears under litigation with consumer category wise details
  - f) Arrears of State/Central Government Departments
  - g) Arrears of State/Central Public Sector Undertakings
  - h) Arrears of Private institution & Public Institutions

### **Orders of the Commission**

12. The Commission after examining the petition filed by TCED for the approval of the 'One Time Settlement Scheme 2023' as per the provisions of the Electricity Act, 2003, the provisions in the Kerala Electricity Supply Code, 2014, hereby orders as follows:
- (1) Approve the 'One Time Settlement Scheme 2023 (OTS 2023) and the scheme shall be open from 14.12.2023 to 29.02.2024.
  - (2) Approve the 'Terms and Conditions of the OTS 2023 and the Guidelines for settling arrears as per OTS 2023'. A copy of the approved OTS 2023 along with Terms and Conditions and Guidelines for settling arrears as per OTS 2023 is enclosed as Appendix to this order. TCED shall ensure that only this approved Scheme is floated, all cases shall strictly settled as per Commission's approval now given, and no deviation whatsoever is made to this approved Terms and Conditions and guidelines.

- (3) The Assistant Secretary of TCED shall review the progress of OTS-2023 on a monthly basis and shall 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 closure of the scheme.
- (4) TCED shall introduce a target based incentive/appreciation mechanism based on achievement of recovery of arrears.
- (5) TCED 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 the arrears, amount settled under OTS, interest due, interest settled, instalment facilities availed by the consumers etc.

13. The petition is disposed of. Ordered accordingly.

Sd/-  
**Sri. T.K Jose**  
**Chairman**

Sd/-  
**Adv. A. J. Wilson**  
**Member**

Sd/-  
**Sri. B. Pradeep**  
**Member**

Approved for issue  
Sd/-  
C.R.Satheesh Chandran  
Secretary

## One Time Settlement Scheme (OTS-2023)

### A. Terms & Conditions

- i. **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 14.12.2021. 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.
- ii. **Period of the scheme :** The proposed period for opting OTS scheme is from 14.12.2023 to 29.02.2024.
- iii. **The time schedule of the scheme**

14.12.2023 -	intimating the consumer about the scheme
20.12.2023 -	acceptance of application and commencement of issue of demand notice
24.02.2024 -	last date for accepting application form
29.02.2024 -	Last date to issue demand notice and remittance of first instalment by the consumer
- iv. **The Scheme:** The consumer will be eligible to get reduced rate in interest as per the scheme. The interest can be remitted in six month 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 the interest, or avail the instalment facility with interest as per clause 7 of the terms and conditions of OTS 2023.
- v. **Reduction in interest:** The following reduction in interest rates in compliance with the regulation 136(5) of Kerala Electricity Supply Code 2014 shall be followed for OTS 2023.
  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 age wise 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 instalment upto six months.

Intimation shall be given to each eligible consumer clearly indicating the saving the consumer can get on opting the scheme. The Senior Superintendent Billing will be responsible for intimating the consumers. The Assistant Secretary, TCED shall intimate the details of the scheme directly to the Head of all government departments, Public Sector Undertakings and Government institutions.

- vi. Full settlement option:** The consumer may also remit the entire principal amount and total reduced interest in one lump sum. In such cases, a rebate of 2% on the total interest amount worked out at the applicable interest rate would be allowed.
- vii. Instalment 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 at base rate declared by SBI as on 01.04.2023. The interest 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 Assistant Secretary of TCED.
- viii. Dismantled Connections:** The fixed charges demanded will be limited to a period of six months after disconnection. No demand charges shall be levied after due date of dismantling or six months after disconnection whichever is earlier. In case the consumer wants the connection to be re-effected subsequently, they have to apply for fresh connection.
- ix. RR action cases:** The surcharge and demand notice charges payable to the revenue department will have to be remitted by the consumer additionally where RR action has been initiated by TCED.
- x. Arrears under litigation:** "Arrears under litigation can also be settled under OTS-2023. TCED 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, and intimate the same to each consumer within one month from the date of this Order.

The consumers having arrears of more than two years held up in court cases shall withdraw the case before commencement of first instalment under OTS 2023.”

- xi. Receipt and processing of application for settlement:** Application from LT & HT consumers who opt for this scheme shall be accepted in the concerned Billing section. The cases shall be forwarded to concerned Billing Superintendent for settlement. However, if installments for principal is required by LT consumers the same shall be taken up with the Assistant Secretary
- xii. Publicity:** Intimation shall be given to each eligible consumer clearly indicating the saving the consumer can get on opting the scheme. The Senior Superintendent Billing will be responsible for intimating the consumers. The Assistant Secretary, TCED shall intimate the details of the scheme directly to the Head of all government departments, Public Sector Undertakings and Government institutions. TCED shall give wide publicity about the scheme in local newspapers, cable TV, website etc. periodically till the end of the scheme.

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

### **General:**

The accumulation of pending arrears is of concern for TCED as arrears are being held up in litigation before various Courts which shows revenue arrears in accounts, which includes amounts that may be practically unrecoverable by any lawful means. In order to collect the maximum amount of arrears held up in litigation and other issues, TCED 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 TCED would remain deprived of a fair share of its revenue by way of the predicament. Accordingly, the following guidelines which is in line with the earlier guideline issued for OTS -2023 of KSEB Ltd shall be followed.

### **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. In a majority of such cases assessments are issued for several months without any uniformity. In this context it is worth mentioning the fact that the licensee 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 licensee 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 guideline 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 guideline 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 guideline 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 guideline for settlement:** 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 considering the recorded MD of the consumer as an indicator as per the above OTS scheme.

The application from HT/LT consumers under the above will be received by the Senior Superintendent and shall be settled in line with the scheme approved by the Commission.