

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

No. KSERC/Legal/fees RegIn/2009

Date: 19-8-2010

PUBLIC NOTICE

(statutory notice under Section 130 of Electricity Act 2003 issued to 'Kerala State Electricity Board')

Kerala State Electricity Board (*hereinafter referred to as the Board*) is a deemed distribution licensee under the regulatory control of Kerala State Electricity Regulatory Commission (KSERC) in the State of Kerala. The conditions of licence issued as per KSERC (Conditions of Licence for existing Distribution Licensees) Regulations, 2006, stipulate that the distribution licensees shall pay licensee fee every year to the Commission at a rate of 0.03% of the revenue from sale of power as stated in the certified financial statement of the previous year. The Electricity Regulatory Commissions in the Country are collecting the licence fee from their licensees and all the licensees except the Board in Kerala are paying the licence fee regularly. The licence fee is levied as per Section 86(1) of the Electricity Act 2003 and on the basis of the Regulations, for discharging the functions of the Regulatory Commissions under the Act, such as specifying and enforcing the standards for quality, continuity and reliability of service by the licensees in Kerala, determining the tariff in a transparent manner for electricity supply, ensuring that licensees recover tariff from the consumers only at rates approved by the Commission, protecting the interests of the consumers, equipping the consumers for effective regulatory intervention and resolving conflicts and disputes between licensees. Non-payment of licence fee affects the discharge of functions of the Commission adversely. The licence fee from the Board is estimated at about Rs.1.5 Crore (Rs one and half Crore) per year from an expected sales revenue of about Rs.5000 Crore, which is included as part of the Aggregate Revenue Requirements approved by the Commission. Being a pass through item of expenditure the impact on a consumer will be negligible i.e., to the tune of 0.01 paise per unit only or one paise for every ten units.

This being the case, the Board is defaulting the payment of licence fee thereby violating the conditions of licence. This also amounts to wilful obstruction of the independent functioning of the Commission. The Commission has issued several notices to the Board for complying with the conditions of licence. However, the Board so far failed to comply with the directions and the conditions of licence for one or other reasons. Hence, the Commission on the basis of the materials in possession, is satisfied that the Board is contravening the conditions of licence namely payment of licence fee. Accordingly, this notice is issued under Section 130 of the Electricity Act for securing compliance of the licensing conditions and Orders of the Commission to the Board and to bring to the attention of the public and all others concerned. The non-compliance by the Board is also liable to action under the penal provisions of the Act namely Sections 142 and 146.

The Commission hereby invites suggestions and objections if any, from the persons affected or likely to be affected in the matter, which may be forwarded to the undersigned within 15 days from the date of publication of this notice.

Sd/-

Secretary
for Kerala State Electricity Regulatory Commission