

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

PRESENT: Sri.K.J.Mathew, Chairman  
Sri. P. Paramaswaran, Member  
Sri. Mathew George, Member

**November 10, 2011**

Petition No. OP 15/2011

In the matter of  
Collection of Connection Charges from LT consumers

Kerala State Electricity Board                      –                      Petitioner

**ORDER**

**Background**

1. Kerala State Electricity Board (*hereinafter referred to as Board or KSEB*) filed a petition for approval of 'Connection charges' and 'Rental charges on Service line' which are presently being collected by the Board for providing electric connections. The petition is filed based on the direction of the Commission for a comprehensive proposal on 'Service Connection Charges' which was proposed in an earlier petition (TP No.80/2010) submitted by the Board for the approval of 'Guidelines for providing service connections for construction purpose and Schedule of Miscellaneous Charges'. The 'Service Connection Charges' and 'Rental charges on service line' were also included as part of Schedule of Miscellaneous charges. The Service Connection Charges were proposed for LT consumers requiring service connection under a specific category known as 'Normal Development Category', as a parallel scheme against giving connections by realizing the approved cost under Section 46 of the Electricity Act 2003 and clause 7(3) of the Kerala Electricity Supply Code,

2005. Since there was no rationale given for the necessity of 'Service Connection Charges' and 'Rental charges', the Commission did not approve these items as part of the Order on Petition No. TP No.80/2010 and deferred the matter. However, KSEB again took up the issue vide its letter dated 18.02.2011 along with a detailed narration of the reasons and background for justification of the collection of these charges and continuation of the Scheme. The Commission decided to consider the matter and directed the Board to submit a separate petition in view of the cross subsidy aspects and the need for public hearing. KSEB was directed to provide details of number of beneficiaries under 'Normal Development Category' from 2005-06 and the amount foregone by charging 'Service Connection Charges' for the period from 2005-06 to 2009-10 with supporting orders/circulars issued by the Board prescribing the criteria for extending the benefit under 'Normal Development Category' or connections given on concessional rates by realizing service connection charges and rental charges on service line. The present petition is filed in this background, apparently as a proposal for legitimising the collection of 'Service Connection Charges' in the name of 'Connection Charges' from LT consumers. The proposal is for realising a part of the cost for providing connection and charging the rest in the annual ARR&ERC.

2. In the petition, the Board has stated that they had a practice based on the prevailing statutory provisions, for giving new electric connections to the applicants without realizing the actual cost incurred for providing supply. All new connections within a distance of 235 meters from the distribution mains were provided under 'Normal Plan Works'. For works like line extension beyond 235 meters, installation of transformers etc., minimum revenue realization was ensured through Minimum Guarantee (MG) agreements. Among such works, new connections for productive sectors like industrial, agriculture etc. were released under special priority. For connections not included in the MG category, line rental charges were collected for a period of 3 years.
3. According to the Board, over a period of time, the financial difficulties faced by the Board resulted in substantial backlog in the release of new service

connections. To overcome this KSEB introduced the Consumer Contribution Scheme to provide electric connections on priority basis. The scheme was dispensed with, with effect from 01-04-1985 (Board order No.B.O.PlG. Com. 767/CC/84 dated 18-03-1985). In its place, the Board introduced 'Service Connection Charges' with effect from 01-08-1988 so as to recover a portion of the cost of providing service connection. In order to avoid *hardship to consumers belonging to the lower income group*, they were exempted from paying 'Service Connection Charges'. In the meantime, the Board introduced OYEC (Own Your Electric Connection) scheme for providing new electric connections on out of turn priority (Board Order No. TC1/9515/88 dated 09-09-1988). The amount remitted was meant only to give out of turn priority in providing electric connection and the consumer had no right over the transformer, post, line materials for various lengths of service line and posts required for effecting supply.

4. With the enactment of Electricity Act 2003, the governing laws have changed and as per the provisions of the Act, Kerala Electricity Supply Code was introduced. Accordingly, the Commission approved the estimates for distribution works for effecting supply, as proposed by the Board (Letter No. KSERC/Supply Code/2/140/2005/1031 dated 26-07-2005). Accordingly, the Board issued an Order on 24-8-2005, in which it was clarified that 'Service Connection Charges' need not be levied from consumers who are availing power connection by remitting the estimate amount approved by the Commission.
5. This being the case, large number of applications for service connections were registered without collecting the estimate rates for providing supply, as per the earlier provisions in law. In view of the adverse social impact in withdrawing the facility all of a sudden, the manner of treating such applications was brought before the Commission and the Government. Accordingly, the Commission vide its letter dated 10-08-2005 permitted KSEB to release the connections pending under Normal Development Category which were registered on realization of charges prevailing at that time, which included Service Connection Charges, utilizing Board's own funds and to cover the amount in the ARR and

ERC. The Government directed KSEB to continue to release service connections under Normal Development Scheme also. The Board has stated that the State Government vide letter no. 6540/A1/05/PD dated 16-07-2005 issued instructions to KSEB for providing electricity connections to various categories of consumers as below:

*“Sub clause (1) of clause 7 of the Kerala Electricity Supply Code empowers the licensee to recover from the consumer the reasonable expenses for providing electricity to him. If such expenses are under the schemes approved by KSERC or charged in ARR, they cannot be recovered from the consumer. Similarly SC / ST consumers with connected load below 1000W and BPL consumer with connected load 500W are exempted from such recovery of expenses. There are two other categories of applicants for electricity connection viz., OYEC and normal development. OYEC category has to pay the entire expenses for getting electricity connection. Sub clause (1) of clause 7 refers to the OYEC category. Government would like to continue the Normal Development category as well.”*

6. As stated in the Petition, in view of the coming into force of Supply Code in 2005 and the directions issued by Government, KSEB stopped realising 'Service Connection Charges' over and above the estimate rate of distribution works for providing supply. Collection of 'Service Connection Charges' continued to be collected from those consumers who were registered for release of supply under Normal Development category as recovery of a part of the cost authorized by the Commission. The connections under Normal Development Works included domestic, industrial and agricultural connections. Similarly, certain consumers like cancer patients, physically challenged persons including blind, all agricultural consumers, LT industrial consumers registered under SSI, self-employment scheme or other special schemes are exempted from payment of the entire estimate cost for providing supply. In order to continue the scheme for LT consumers and approval of the Commission, the Board had incorporated the same in the petition No.TP No.80/2010 on approval of miscellaneous charges. During the public hearing on the said petition held on 05-01-2011, the Board sought to submit a detailed proposal for continuation of the system and withdrew the proposal.

7. The Board has advanced other arguments in the petition for supporting the continuation of the 'Service Connection Charges'. According to the Board, only privileged sections of the Society availed supply by remitting the approved estimated costs and still substantial number of consumers avail connections under 'Normal Development Category' without paying full estimated cost. Hence, according to the Board, imposing a negligible burden to existing consumers may be considered justifiable, since the 'cost of socialization' is only marginal. On the other hand, insisting on realising full estimated cost approved by the Commission would create financial burden on consumers, thereby denying the electricity supply to society at large. In view of the social aspects, the Board requested for the continuation of the scheme to provide electric connection under LT category to those applicants who are not in a position to remit the entire estimate rates as per the direction of the State Government.
  
8. The beneficiaries of Normal Development Category are not specified by KSEB by using any qualification criteria. As per the present practice, electric connections are released to applicants within the time frame fixed in the Kerala Electricity Supply Code, 2005 once the approved cost is remitted by the prospective consumer. Consumers who are unable to remit the entire approved cost for availing connection are allowed to be registered by realising part of the cost by way of 'Service Connection Charges' and the connections are released periodically as per the direction of the State Government under Normal Development Category. Such consumers have to wait till the Government revises the target date of releasing normal weather proof and overhead service connections. Among such consumers the release of service connections are carried out on an out of turn priority in case of some category of consumers which are properly defined through earlier Board orders.
  
9. The Charges proposed by the Board are as given below:

<b>Connection Charges</b>				
Tariff	Phase	Connected load	Amount	
A	LT-I (A)	Single Phase	501 to 1000 W	Rs. 300
			1001 to 2000 W	Rs. 525
			Above 2000 W	Rs. 750
	Three phase	Up to 10 kW	Rs. 1,500	
		Above 10 kW	Rs. 1500 plus Rs. 200 per kW for loads over and above 10 kW	
B	LT-II	Single Phase	Rs. 750	
		Three phase	Rs. 1,500	
C	LT-IV	Up to 5 kW	Rs. 115 per kW	
		Above 5 kW	Rs. 225 per kW for entire connected load	
D	LT-VI (A, B, C)		Rs. 200 per KW	
E	LT-VII (A, C)	Single Phase	Rs. 750	
		Three phase	Up to 10 kW	Rs. 2,250
			Above 10 kW	Rs. 4,500
<b>Note :</b>				
The following categories of consumers are exempted from Connection Charges:				
I	LT-I (A) consumers having connected load up to 500 W, SC/ST consumers under LT-I (A) having connected load less than 1000 Watts, LT-III, LT-V, LT-VI (D) and LT-VII (B).			
ii	New domestic connection or conversion of 1 $\phi$ to 3 $\phi$ in the case of serving / retired Board employees			
iii	Telephone booths approved by BSNL and run by physically handicapped persons (40% disability to be certified by Medical Officer not below the rank of Civil Surgeon of Health Service Department)			
iv	SSI units, Entrepreneurs engaged in manufacturing or production of goods and acknowledged by District Industries Centre, Industries having registration under Khadi & Village Industries Board or Industrial Co-operative Societies Act where the service require construction of only LT overhead lines, the length of which does not exceed 500 m and connected load does not exceed 50 kVA			
V	Consumers availing service connection by remitting cost of effecting supply.			

### **Rental Charges**

(Applicable for three years from the date of service connection)

Sl. No.	Particulars	Monthly Rental Charges	
		Single Phase	Three Phase
1	Overhead service line beyond weather proof service (35 metre clear span) including phase line adding, line conversion and HT / LT lines	5 paise/ metre	10 paise/ metre
2	Insertion of a post	50 paise	

10. As per the proposal, LT-I (A) consumers having connected load up to 500 W, SC/ST consumers under LT-I (A) having connected load less than 1000 Watts, LT-III, LT-V, LT-VI (D), and LT-VII (B) categories are exempted from paying 'Connection Charges'.
11. In the present petition, the Board has given a calculation on the financial impact of the scheme based on the data for 2009-10. According to the Board, Rs.13.96 crore was collected under service connection charges, which was accounted under 'Consumer Contribution towards cost of Assets'. As against this, the full cost for providing connections is Rs.112.98 Crore. Hence, the capital cost incurred by the Board in 2009-10 for effecting connections under the 'Normal Development Category' is estimated to be Rs.99.02 crore (ie., Rs.112.98 crore – Rs.13.96 crore), which was passed on to all the consumers. As per the estimates of the Board, the additional liability on account of this, for the existing consumers is about 0.37 paise per unit in a year.
12. As per the proposal, there are two schemes in vogue for providing connections to LT consumers. One as per the cost approved by the Commission under the provisions of Supply Code for which time limit as provided in the Supply Code is being followed. The other scheme is under Normal Development Category for which Service Connection Charges, Rental charges etc., are levied and connections are effected as directed by the Government for which the time limit as per Section 43 of the Act and clause 8 of Supply Code is not being followed.
13. In the petition, the KSEB has requested that connection charges and rental charges as proposed may be approved and the same included as part of the Schedule of Miscellaneous Charges of the Terms and Conditions of Supply for KSEB.
14. A copy of the petition was sent to the Power Department, Government of Kerala for obtaining the views of the Government in the matter. However, Government did not respond to the petition.

## Hearing of the matter

15. The hearing on the petition was held on 21-7-2011 at the office of the Commission. During the hearing, the representative of the Board explained the circumstances in which the Service Connection Charges are levied and the necessity for continuing the scheme. The main plank of the argument was that the scheme was helpful in achieving the targets for electrification as number of connections were released under the scheme at lower cost.
  
16. The Board further substantiated the rationale for proposing per kVA based rate for realising the cost of service connections and also argued that cross subsidy is an accepted principle, by citing the example of 'socialisation of costs' allowed in transmission charges recovery for the Central Transmission Network. According to the Board, it is legitimate to provide connection by realising only part of the cost, with the balance to be covered in the annual ARR&ERC exercise, which reflects in general tariff. According to KSEB, Connection Charges is based on the provisions of Section 46 of Electricity Act 2003 and Clause (7) & (9) of the Supply Code. The Board further contended that in many States various charges are being collected in the name of service line charges, developmental charges, kW/kVA based charges etc., for providing new connection. The proposed monthly rental charges for electric lines are as per the provisions in the Model Supply Code brought out by the Forum of Regulators.
  
17. Some industrial consumers who were present in the hearing have advocated for continuation of Minimum Guarantee Scheme which is being followed by the Board. Shri. Shaji Sebastan, representing Small Scale Industrial Association, supported the petition. He informed that the Minimum Guarantee condition which prevailed in the Board is essential to promote the small scale industries within the State. According to him, the Government under Section 108 of the Act has issued directions to the Commission for continuation of minimum guarantee conditions for promoting agriculture and industrial sectors in the State. He subsequently forwarded a written submission for continuation of the MG Scheme. In his submission he has given copy of Board Order dated 15-3-



2007 for granting separate priority to industrial service connection under MG Scheme, showing the continuance of scheme even after the implementation of Supply Code. The representative of Kochuveli SSI units also supported the petition of KSEB. The consumer representative Sri. V. Sukumaran informed that the benefit need be given to the eligible citizens only. Shri. Vinodkumar, Varanad in his written submission stated that Board has been following a practice of collecting service connection charges at the time of availing connection based on tariff and connected load and also at the time of regularisation of additional load, based on full connected load. This practice is unjustifiable and is to be stopped. He also stated that service connection charges are levied even at the time of change of ownership which is not rational.

18. In the light of the arguments made by the representatives of the Small Scale Industrial Associations, the Commission during the hearing enquired of the Board on the Minimum Guarantee scheme in vogue and the details thereof. The Board did not categorically deny the existence of the Scheme and stated that details from the field have to be collected to ascertain the situation.

### **Analysis and decision of the Commission**

19. The Commission examined the petition of the Board and the arguments thereof. Brief history of the earlier developments on similar issue is useful in analysing the matter. The Commission as per Section 50 of the Electricity Act 2003, had specified the Kerala Electricity Supply Code 2005, effective from 2-3-2005. The Supply Code provides for time limit for effecting new connections and recovery of expenditure for providing electric connections. As per Section 46 of the Act 2003 and clause 7(2) of the Supply Code, the Commission has approved the estimate rates for effecting the electric connections. Accordingly, from the date of effect of Supply Code, the provisions of the Supply Code only shall be applicable for effecting the connections. The Commission in its letter dated 10-8-2005, allowed the request of KSEB to release all pending connections as on that date under Normal Development Category. Accordingly, the Board should

have discontinued all existing schemes as on the date of effect of Supply Code or sought the approval of the Commission for continuation and followed the provisions of the Supply Code thereafter. But now it is seen that the Board continued most of these schemes. In the order dated 16-11-2009, the Commission had disallowed the request of the Board on imposing development charges from consumers. In the order dated 8-9-2010, on the petition of the Kerala HT-EHT Industrial Electricity Consumers Association, the Commission had ruled that levy of 'service connection charges' by the Board from the date on which the Kerala Electricity Supply Code 2005 became effective is not in order. The Commission in its order on 25-1-2011, in the matter of Approval of Guidelines for Providing Service Connections for construction purpose and Schedule of Miscellaneous Charges, did not consider the proposal of 'Service Connection Charges' and monthly 'Rental Charges'.

20. The basic principle for charging the consumers for any service related to distribution of electricity shall be in accordance with the provisions of the Act and as per the Kerala Electricity Supply Code, 2005. The Commission examined the present proposal of the Board in the above context.

21. The contentions of the Board are summarised below:

- Considering the social aspects, the present petition is a proposal for providing electric connection by realising a part of the cost for providing connection and charging the rest in the annual ARR&ERC exercise. The scheme is a continuation of the existing scheme to provide electric connection under LT category for those applicants who are not in a position to remit the entire approved rates, and releasing the connections under Normal Development Plan as per the directions of the State Government.
- The connection charges and rental charges as proposed may be approved and the same included as part of the schedule of miscellaneous charges of the Terms and Conditions of Supply for KSEB.
- The rationale for the continuation of the scheme is that, substantial number of existing consumers had enjoyed the benefit without incurring the full cost for availing connection under the Normal Development Scheme. Hence imposing a negligible burden on the existing consumers for extending the same benefit to those sections in the society who are financially not in a

position to take the entire burden of estimate cost of distribution works is justifiable.

- Insisting on approved estimate rates from all consumers would create a huge financial burden to the consumers, since around 1.5 lakhs of new consumers per year who are in the low income group and not in a position to remit the entire estimate cost are annually availing the benefit.
- The continuation of the scheme is essential to realise the National Electricity Policy target of 100% electrification of all households by 2012.
- As per the contention of the Board the Commission in its letter dated 10-08-2005 had permitted KSEB to release the connections pending under Normal Development Category which were registered on realisation of charges prevailing at that time.
- The Model Supply Code formulated by the Forum of Regulators contains provision for monthly rental charges for electric line and posts

22. The Commission analysed the arguments of the petitioner and the views of the stakeholders in accordance with the provisions of the Electricity Act 2003. As a matter of principle, it is necessary to examine whether the present proposal of the Board is as per the provisions of the Act and Kerala Electricity Supply Code. As per section 46, the State Commission by regulations, may authorise the licensee to charge from a person requiring supply, any expenses reasonably incurred in providing any electric line or electrical plant used for the purpose of giving that supply. In the Kerala Electricity Supply Code 2005, the reasonable expenses have been specified in clause 7(3). The Board could not show any supporting provisions of statutes justifying the proposal. The Board in detail argued for allowing 'socialisation of costs' citing the example of interstate transmission tariff. However, no supporting provision in the Act to justify such treatment was pointed out. Hence the present proposal is not as per the provisions of existing law.

23. The Commission has noted several deficiencies in the proposal. The proposal of the Board does not contain any eligibility criteria for providing connections. The scheme is open for any consumer irrespective of the paying capacity. The charges are based on connected load and category of consumers. Even those

who are at higher levels of consumption, get the benefit of lower cost of providing supply, irrespective of the requirement of materials for providing supply, at the cost of others. As per the crude estimate of the Board based on the figures for 2009-10, additional cost of 0.37 paise per unit every year has to be borne by all the consumers till the assets are depreciated or till repayment is complete. There will be a cumulative effect if such practices are continued over the years. The rates as per the scheme are not linked to the cost of providing connections. As per the approved estimates for weather proof connection the rate is Rs.1750 for 5kW whereas, as per the scheme it is Rs.700 for domestic category. For three phase connections up to 10kW, the cost of providing connection is Rs.4150/-, whereas, the scheme has only Rs.1500/-. Hence, the petition seeking part recovery of cost from a wide range of consumers without a logical scheme cannot be treated as a scheme under the first proviso to clause 7(1) of the Kerala Electricity Supply Code.

24. The basic premise of the scheme proposed in the petition was to provide service connection for those who are not able to pay the approved cost estimates. Interestingly, the Board could not provide any reasonable eligibility criteria for selecting the consumers under the scheme. As the matter stands now, the proposed Scheme is open to all consumers in the respective tariff category and even for connection under LT1 (A) categories with >10kW load irrespective of financial position. The Board could not substantiate that the beneficiary consumers are financially not in a position to remit the approved cost. Hence it is clear that neither in the prevailing scheme nor in the proposal, is there any method to identify the eligible persons, which weakens the entire foundation of the arguments advanced by the Board. There are no provisions in the Act to have two schemes for providing electric connections, one at subsidised rates and another at full cost unless the scheme is approved by the Commission or otherwise charged in the ARR. The scheme now proposed in the petition is only an attempt to bring back the priority scheme and normal development category that prevailed before the introduction of Supply Code. If the intention of the Board is to seek approval of a new scheme it should be presented in such a manner with supporting reasonings or the expenditure

should be specifically included in the ARR under capital works with justifications thereof.

25. The Commission is not convinced of the argument of KSEB that there will be substantial burden on the consumers for availing supply if the scheme is not available. It is also not proper to conclude that consumers will wait indefinitely for electricity connection under the scheme rather than pay the cost and avail the connection. The Commission is also not convinced of the argument of affordability principle being applied to consumers other than domestic consumers. The scheme proposed by the Board includes domestic as well as commercial and industrial categories. The concern of the Board on these consumers is not reasonable since even now there are specific provisions in the Supply Code to alleviate such concerns. Clause 8(6) provides for installment facility for providing connection with maximum of 60 instalments thereby reducing the financial burden on consumers. Generally, consumers are burdened when connection requires transformer or any other electric plant, which requires heavy investment. In order to minimize such impact, as per the provisions of the Act, the consumers can avail the connection by opting for paying rent for the electric plant.
26. Another serious issue which is to be considered for the continuation of the Scheme is the time limit for providing supply. The electric connections under the 'Normal Development Category' (NDC) are released as per the targets fixed by the Government. Such consumers may have to wait till the Government revises the target date of releasing normal weather proof and overhead service connections. Separate priority list is kept in the field offices for releasing supply under the scheme. After Supply Code 2005 has come into force such differentiation as OYEC and Normal Development Category is not envisaged. On the other hand as per Section 43 of the Act and clause 8 of the Supply Code a definite time limit has been specified for providing supply. It is the duty of the distribution licensee to provide supply within the time limit for any person requesting for electricity connection.

27. From the submissions and arguments, the Commission notes that the Board is continuing the practice of providing electric connections under OYEC after realising full cost and under 'Normal Development Category' (NDC) by realising service connection charges (ie., part of the cost of providing connection). All type of connections irrespective of the connected load, nature of use and cost involved in providing connections, are released under the NDC. The cost differential is passed on to all consumers in the tariff. Though the Board has argued that it facilitates release of electric connections for those who are unable to bear the approved estimated cost, no criteria are proposed to identify the beneficiaries. Practically everyone irrespective of the nature of load or paying capacity, availed connections under the scheme in the past and the present petition is filed with an intention to perpetuate the existing system. The Commission has examined the statement of the Board that as per the letter dated 10-08-2005, the Commission had permitted the Board to release the connections pending under Normal Development Category which were registered on realisation of charges prevailing at that time. In order to clarify the matter, the text of the said letter is extracted below:

*“Sub:- Clearance of pending connections and collection of service connection charges – reg*

*I am directed to refer to your letter No. KSEB/TRAC/1106/05/R1/722 dated 5-08-2005 and convey the approval of the Commission to the proposal of KSEB to continue to realize charges for pending connections under normal development category in accordance with the terms and conditions of supply, which were in force at the time of submitting applications. I am also directed to convey the approval of the Commission to permit the Board to clear the pending connections by utilizing Board's own funds to the extent of Rs 49.67 crores and cover the amount in the ARR and ERC for the year 2006- 07.*

*Yours faithfully  
Sd/-  
Secretary”  
(emphasis added)*

28. As per the above letter, the Commission had allowed a specific request of the Board for clearing the pending application as on that date under Normal Development Category and also the financial commitment necessary for providing the connections were also approved in the ARR&ERC for 2006-07. However, the Board continues the scheme till date. However, the applicable law under such a situation is provided under clause 7(2) of the Supply Code. It provides that *'State Government may direct the Licensee to provide new electric connections to any category of consumer on payment of cost as specified in these regulations in advance to the licensee'*. **Hence, continuation of such practice is not as per the provisions of law and is to be discontinued with immediate effect.**

29. The Commission also examined the details given by the Board. The Commission has directed the Board to provide the financial impact of the scheme from 2005-06 to 2009-10, which was not provided. The rental charges for service line and service connection charges received during the period from 2005-06 to 2009-10 were submitted along with the petition. During the hearing the details of number of service connections effected from 2005-06 were given, which are tabulated as follows. It can be seen that there is no relation between the charges collected towards service connection and the number of service connections effected.

#### **Service connection charges and service line rentals**

Period	Amount in Rs. Core		Service Connections effected in lakhs
	Service Connection Charges	Service Line Rent	
2005-06	15.19	0.26	3.35
2006-07	6.84	0.72	2.15
2007-08	6.87	0.65	2.23
2008-09	16.09	1.16	1.76
2009-10	13.96	1.02	1.67
<b>Total</b>	<b>58.95</b>	<b>3.81</b>	<b>11.16</b>

30. The Board has proposed for approving the monthly rental for overhead service lines and for insertion of posts. The representatives of small scale industrial

consumers advocated for continuation of Minimum Guarantee Scheme. On enquiry during the hearing, the Board could not categorically state to deny as to whether such practices are being followed in the field and sought time for providing the information. The Commission notes that the Minimum Guarantee charges and rental charges proposed are no way linked to the cost and no basis has been arrived at for proposing the rental charges for lines and Posts. As per section 45 (3) of the Act, rental charges are applicable to electric meter or electric plant provided by the Licensee. The 'electric plant' is defined in the Act as :

*"electrical plant" means any plant, equipment, apparatus or appliance or any part thereof used for, or connected with, the generation, transmission, distribution or supply of electricity but does not include-*

*(a) an electric line; or*

*(b) a meter used for ascertaining the quantity of electricity supplied to any premises; or*

*(c) an electrical equipment, apparatus or appliance under the control of a consumer;*

31. Thus the electrical plant specifically excludes electric line. Hence, the charging rent for electric line is not as per the provisions of the Act.

32. The above analysis shows that the scheme that is being followed by the Board and proposed in the petition is against the provisions of Section 46 and Section 45(3) of the Act and Clause 7(3) and clause 11 of the Supply Code. Hence, the Commission is not in a position either to approve the scheme or to allow to continue the scheme in the present form.

33. At present, the Commission periodically approves the estimate rates for providing service connection. The Commission has approved estimates for providing electric supply submitted by the Board vide letter No KSERC/Supply Code/2/140/2005/1031 dated 26-07-2005, which was later revised as per the request of the Board with effect from 01.09.2009. If any other charges are collected other than the approved rate it is a clear violation of Sec 46 of the Act. The Commission wishes to reiterate that the Board henceforth shall not



continue any scheme in violation of Section 46 of the Act. for providing electric connections to any categories of consumers which are not specifically approved by the Commission.

34. If the Board is genuinely interested to provide connections to the underprivileged sections, Board may provide a detailed scheme as a subset of general category with proper funding plan, Government Subsidy etc. The number of connections expected/proposed to be released under the scheme shall be presented along with the scheme for each year, prescribing eligibility criteria, as part of the ARR&ERC petition. Once the scheme is approved, the applications may be entertained to release connections to the eligible persons as per the time limit specified in the Kerala Supply Code.
35. On a detailed examination of the submissions of the Board and stakeholders as above, the Commission is of the view that the proposal of the Board is not as per the existing provisions of statutes.

#### **Orders of the Commission**

36. The Board shall release new electric connections as per the provisions of the Supply Code after realising the approved cost. **Any scheme/charges in vogue which are not as per the provisions of the Electricity Act, particularly Sections 43 and 46 and Kerala Electricity Supply Code, 2005 or not specifically approved by the Commission, shall be discontinued with immediate effect. The Board shall maintain priority registers for releasing service connections and ensure that there shall be only one priority list for releasing connection based on each category for which time limit is fixed as has been provided under clause 11 of the Kerala Electricity Supply Code.** Any violation on this account shall be dealt with as per applicable provision of statutes. The Board shall provide connection in accordance with the relevant provisions of the Act and the Supply Code only and violations will invite penal action provided under the Act.
37. The Board shall also extend all possible relief for consumers requiring supply as per the existing provisions of the law, such as offering installment facility,

providing electric plant on rent etc. As provided in para 34, Board may approach the Commission with specific proposal with proper funding plan and eligibility criteria for providing connections for persons who are not in a position to remit the approved expenses.

38. With the above, the petition is dismissed. Ordered accordingly.

Sd/-

**P.Parameswaran  
Member**

Sd/-

**Mathew George  
Member**

Sd/-

**K.J.Mathew  
Chairman**

**Approved for Issue**

**Secretary**