KERALA STATE ELECTRICITY BOARD LIMITED
(Incorporated under the Indian Companies Act, 1956)
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ABSTRACT

One Time Settlement Scheme (OTS-2026) – Implementation in KSEBL– Sanction accorded – Orders issued.

CORPORATE OFFICE (Commercial &Tariff)

B.O(FTD) No. 297/2026 (TRAC/GL/OTS-2026/26-27/) Thiruvananthapuram, dated 31.07.2026

Read: 1. Kerala Electricity Supply (Fifth Amendment) Code, 2024
2. Note No. KSEB/ TRAC/GL/OTS-2026/26-27 dated 21.07.2026 of the Chief Engineer (Commercial & Tariff) (Agenda Item No 03/41/07/26)
3. Minutes of the meeting of the Full Time Directors held on 29.07.2026 vide resolution 03/41/07/26

ORDER

As part of the 100 days program of the Government of Kerala ,the Chief Engineer (Commercial and Tariff) placed before the Full Time Directors, as per note read as 2nd , a proposal for implementation of One Time Settlement Scheme (OTS 2026) for long pending arrears. It was noted that amended regulation 136(5) of the Kerala Electricity Supply Code 2014, authorizes the licensee to formulate and implement scheme for one time settlement of long- pending arrears with intimation to the Honorable Kerala State Electricity Regulatory Commission without requiring prior approval of the Commission.

It was noted that similar OTS schemes has been implemented by KSEBL during the years 2016 to 2025 the most recent scheme (OTS 2025) having yielded collection of Rs 26.79 crore (Rs24.39 crore towards principal and the Rs 2.4 Cr towards interest) during May - September 2025. As on 31.03.2026, the total outstanding arrears of current charges stood at Rs1,390.88 crore, of which arrears aged more than two years, amounting to Rs716.87 Cr (including arrears under litigation and Government arrears) were stated to be eligible for settlement under the proposed for OTS - 2026 scheme.

The Full Time Directors considered the proposed period of the scheme, the age - wise graded reduced interest rates, the rebate on lump - sum settlement, the Terms and

Conditions and the Guidelines for settlement of specific categories of disputes (including meter faulty assessments, minimum guarantee, unconnected minimum, wrong application of multiplication factor, reduction of Maximum Demand during closure, and arrears under litigation), and the administrative arrangements proposed for implementation, monitoring and publicity of the scheme, as detailed in the Note and its Annexure.

The Full Time Directors noted that, in the OTS schemes implemented previously, a graded rebate structure had been followed under which the rate of interest reduced progressively with the age of the arrear, arrears aged above ten 10 years being settled without levy of interest. On a review of the arrear settlement trends under the said schemes, it was observed that such a structure tended to incentivize consumers with long pending dues to withhold settlement in anticipation of larger relief under a subsequent scheme rather than avail the scheme within the stipulated period. In order to address this trend and to ensure that the scheme does not confer a differential advantage on prolonged non - payment, the Full-Time Directors agreed that the interest structure under OTS - 2026 be reversed, with the rate of interest increasing progressively with the age of the arrear, as set out in Resolution (b) below.

The Full-Time Directors further considered it necessary, in the order to safeguard the interests of revenue, that the scheme expressly provide that cases already closed or settled shall not be reopened, and that arrears already realized and accounted for shall not be reopened, reappropriated, or recomputed for arriving at any revised liability. The Full Time Directors also noted that, having regard to the time required for processing applications and issuing demand notices, fixing 31.10.2026 as the last date for both receipt of applications and issue of demand notice would not be practicable, and agreed that the last date for issue of demand notice and remittance of the first installment by the consumer be suitably extended.

Having considered the matter in detail , the meeting of Full Time Directors held on 29.07.2026 passed the following resolutions:

a. Resolved to approve implementation of the One Time Settlement Scheme (OTS -2026) in KSEBL, open for receipt of applications from 01.08.2026 to 31.10.2026.

b. Resolved to approve the following reduced rate of interest under OTS – 2026, to be applied age – wise where the arrear is of a continuous nature: arrears above 2 years and upto 5 years – 6% per annum; arrears above 5 years and upto 10 years – 7% per annum; and arrears above 10 years – 8% per annum.

c. Resolved to approve a rebate of 5% on the principal amount where the consumer remits the entire principal and total reduced interest in one lump sum, provided that this rebate shall not apply to the assessed amount/appeal finalized amount in respect of bills issued under Section 126 and 127 of the Electricity Act 2003, including theft cases booked under Section 135 of the Act.

d. Resolved to approve the Terms and Conditions and the Guidelines for settling arrears under OTS -2026, as placed before the Full Time Directors (Annexure), subject to incorporation therein of the additional conditions at (e) to (g) below.

e. Resolved that cases already closed or settled shall not be reopened under the Scheme.

f. Resolved that the Scheme shall apply only to arrears outstanding as on the specified cut – off date, and that amounts already realized and accounted for shall not be reopened, re - appropriated or recomputed for arriving at any revised arrear liability.

g. Resolved that, since fixing 31.10.2026 as the last date both for receipt of applications and for issue of demand notices is not practicable, the last date for issue of demand notice and for remittance of the first instalment by the consumer be fixed as 07.11.2026, the last date for receipt of applications continuing to be 31.10.2026.

h. Resolved to entrust the Chief Engineer (Commercial & Tariff) to intimate the scheme to the Hon'ble Kerala State Electricity Regulatory Commission in compliance to Regulation 136(5) of the Kerala Electricity Supply Code 2014 (as amended) and to report the final collection details on completion of the Scheme.

i. Resolved to designate the Accounts Officer, Arrear Clearance Cell, O/o the Chief Internal Auditor as the nodal officer of the OTS – 2026, with responsibility to monitor progress of the Scheme every 15 days and report to the Full Time Directors, and to compile the complete collection details on completion of the Scheme and submit the same to the Tariff and Regulatory Affairs Cell for reporting to the Hon'ble Commission, within one month of completion.

j. Resolved to authorize the Public Relations Officer to give wide publicity to the Scheme through print, audio – visual and other media, the KSEBL website and display at all offices under SBU – Distribution, with a budget provision of Rs 2 crore earmarked for advertisement.

k. Resolved to authorize the Chief Engineer (IT, CR and CAPs) to carry out the modifications required in the Orumanet software for implementation of the Scheme and for generation of collection details and reports.

l. Resolved to entrust the Senior Superintendent of the Electrical Sections and the Special Officer (Revenue) with intensifying Revenue Recovery proceedings so as to encourage consumers to settle old dues, and to strictly enforce disconnection procedures so as to avoid further accumulation of arrears.

m. Resolved to approve settlement of arrears in respect of Cable TV operators (pole rent) on terms and conditions similar to those approved under OTS -2026.

Orders are issued accordingly

By Order of the Full Time Directors

Sd/-
LEKHA G
Company Secretary

To

The Chief Engineer (IT &CR)
The Chief Engineer (Commercial & Tariff)
The Chief Engineer Distribution (North/ North Malabar/Central/ South)
The Financial Advisor
The Chief Internal Auditor/ Company Secretary
All Deputy Chief Engineers (Distribution)
The Deputy Chief Engineer (TRAC)
The Special Officer (Revenue)
All Executive Engineers (Distribution)
All Regional Audit Officers

Copy to:

The T.A to (Chairman & Managing Director),
The T.A to Director (Distribution & SCM)
The T.A to Director (Trans. System Operation)
The T.A to Director (Generation Civil),
The T.A to Director (Gen Electrical, REES & SOURA)
The T.A to Director (HRM, Sports, Welfare, Safety & Quality Assurance),
The PA to Director (Finance)/ Sr. CA to Secretary (Admn.)
CA to CVO, KSEB, Chief Public Relations Officer
Fair Copy Superintendent / Library.

Forwarded by order

Assistant Executive Engineer

Annexure to BO FTD) No.297/2026 (TRAC/GL/OTS-2026/26-27/)Thiruvananthapuram,dated 31.07.2026

One Time Settlement Scheme (OTS-2026)

A. Terms & Conditions

1. **Eligibility**

Consumers with arrears for more than two years will be eligible to apply for One-time-settlement scheme-2026. ie; arrear resulted from demand raised prior to 01.08.2024. 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. The cases already closed or settled shall not be reopened under the Scheme. The Scheme shall apply only to arrears outstanding as on the specified cut – off date, and that amounts already realized and accounted for shall not be reopened, re - appropriated or recomputed for arriving at any revised arrear liability

2. **Period of the scheme:**

The scheme shall be open from 01.08.2026 to 31.10.2026.

3. **Time schedule of the scheme**

01.08.2026 - Intimating consumer about the scheme.
12.08.2026 - Acceptance of application.
12.08.2026 - Commencement of issue of demand notice
31.10.2026 - Last date of accepting application form
07.11.2026 - 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 2026.

5. **Interest Rates :**

(1) Age of arrears above 2 years and below 5 years- 6%
(2) Age of arrears between 5 years to 10 years- 7%
(3) Age of arrears above 10 years- 8%

For arrears of continuous nature, the entire arrear will be split age wise and the applicable rate of interest will be applied. ie; 6% interest rate for arrears between 2 to 5 years, 7% interest on arrears between 5 to 10 years, and 8% interest rate for arrears above 10 years

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

6. **Full settlement option/Revocation**:

Consumer can have the option to remit the entire principal amount and total reduced interest in one lump sum. In such cases, a rebate of 5% on principal amount would be granted. The rebate of 5% will not be applicable if the consumer defaults in the payment of any instalment (in principal or interest), and the benefit of the reduced interest rate under the OTS scheme shall stand revoked. In such cases, the amount remitted if any, shall be appropriated with the provisions of the Kerala Electricity Supply Code 2014 and benefits given to the consumer as per the OTS -2026 scheme will be forfeited.

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 11.00%. The interest amount on principal amount during the instalment period is over and above the interest under OTS-2026. The sanctioning authority of the OTS is the sanctioning authority for providing installment facility under the OTS scheme.ie; the Electrical Circle Deputy Chief Engineer for LT cases and Director (Finance) in the case of EHT/HT cases.

8. **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.

9. **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.

10. **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 closed down unit/shop will have only a nominal consumption for a considerable period. 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 as per the item 5 of the B. Guidelines for settling arrears under OTS 2026.

11. **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 in the case of RR initiated cases.

12. **Arrears under litigation:**

Arrears under litigation can also be settled under OTS-2026. KSEB Ltd shall assess the interest and principal payable under OTS-2026, 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 avail the benefit under OTS 2026 as per the item 8 of the B. Guidelines for settling arrears under OTS 2026.

13. **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 concerned Electrical Circles will be authorized to settle arrears of LT consumers without limit. Applications from HT & EHT consumers will be accepted by SOR. The Director (Finance) is authorized to settle arrears of HT/EHT consumers.

The application for the cable TV pole rent will be received at the concerned Electrical Division and then forwarded to the Electrical Circle for settlement. The Deputy Chief Engineers of all Electrical Circles will be authorized to settle the arrears without limit.

14. **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 2026

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 -2026. The present scheme covers all arrears which are more than two years.

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 for OTS -2026.

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

Probable situations and positions : Back assessments for meter faulty cases are being affected in several cases, pursuant to RAO audit/AG audit. In 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 KSEBL 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 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-2026 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-2026 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 settling: Reduction in interest rate based on age wise category as per the OTS-2026 scheme and suitable instalments can be considered in genuine cases.

5. **REDUCTION IN MAXIMUM DEMAND (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 there will be nominal consumption for a considerable period due to closed down. 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 as per the above OTS scheme as detailed below;

i. Eligibility: The consumer shall be eligible for reduction in Maximum Demand(MD) charges if the average monthly energy consumption during the period of closure is less than 25% of the average monthly energy consumption of the unit during the preceeding one year immediately before the closure.

ii. For availing this facility, the minimum period of reduced consumption shall be six consecutive months in each spell.

iii. The maximum demand charges on satisfying the above conditions may be decided as charges applicable for 10% of the contract demand or recorded maximum demand whichever is higher.

6. **RECONNECTION OF SUPPLY ON PART PAYMENTS**

A dismantled consumer may be given a new connection to his premises only after settlement of entire dues and no new connection shall be given to the premises on remittance of part payment of the arrears .

7. **BILLS ISSUED UNDER SECTION 126 , 127 & 135 OF ELECTRICITY ACT, 2003**

The bills issued under section 126 and 127 of Electricity Act, 2003 including theft cases booked under section 135 of the Act can be settled under OTS-2026 scheme. If the bills issued under the above sections are disputed at any legal forums then the consumer may withdraw the case before settling it under OTS-2026 scheme. However, no relaxation shall be given for the assessed amount under section 126/ appeal finalized amount for assessment under section 126,127 and Section 135 of the Act. But installment facilities for remitting the assessed amount in deserving cases can be sanctioned.

8. **SETTLEMENT OF ARREARS UNDER LITIGATION**

The arrears pending at various legal forums are allowed to be settled based on the copy of the affidavit submitted by the consumer at Court for withdrawal of case or based on the joint submission given at Court by KSEBL and the consumer for withdrawal of case. In such cases the consumer can remit the OTS amount subject to the condition that the benefit of the OTS will be confirmed only after producing the Court order sanctioning withdrawal of case within 6 months from the date of filing application for withdrawal of case.

Chief Engineer (Commercial & Tariff)