

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

No.687 /Con.Engg/ 2025/ KSERC

Dated 28th February, 2025

NOTICE

In exercise of the powers conferred under subsection (1) of Section 181 and clause (g) of sub section (1) of Section 86 of the Electricity Act, 2003, Kerala State Electricity Regulatory Commission hereby publish the following draft Regulations, namely the '**Kerala State Electricity Regulatory Commission (Conditions of Licence for Existing Distribution Licensees) (Third Amendment) Regulations, 2025**', for information of the stakeholders and the persons likely to be affected thereby. Any objections or suggestions thereon may be forwarded to the Secretary, Kerala State Electricity Regulatory Commission, KPFC Bhavanam, C.V.Raman Pillai Road, Vellayambalam, Thiruvananthapuram-10 within one month from the date of publication of this notice. Objections and suggestions received on or before the said date shall be considered by the Commission before finalization of this draft regulation. A public hearing on the same will be conducted and its date and venue shall be intimated separately.

Sd/-

Secretary

(DRAFT)

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
(CONDITIONS OF LICENCE FOR EXISTING DISTRIBUTION
LICENSEES) (THIRD AMENDMENT) REGULATIONS, 2025**

1. Short title and commencement.-

(1) These Regulations may be called the " Kerala State Electricity Regulatory Commission (Conditions of Licence for Existing Distribution Licensees) (Third Amendment) Regulations, 2025".

(2) It shall come into force from 01.04.2025.

2. Amendment of Regulations. - In the Kerala State Electricity Regulatory Commission (Conditions of Licence for Existing Distribution Licensees) Regulations, 2006, in Regulation 34 after the existing proviso, the following proviso shall be added, -

“Provided further that, KSEB Ltd shall remit the licence fee for the next three financial years, i.e., FYs 2025-26, 2026-27 and 2027-28, to the Commission at the rate of 0.015% of the revenue from the sale of power for the previous financial year”.

Sd/-

Secretary

Explanatory note on the proposed draft (Third Amendment) Regulations

1. Section 86(1) (g) of the Electricity Act, 2003 authorizes the State Electricity Regulatory Commission to levy fee for the purposes of this Act. Accordingly, the Commission has notified the KSERC (Conditions of License for Existing Distribution Licensees) Regulations, 2006, on 23rd February, 2006. Further, it was amended on 16th December, 2009 and on 30th June, 2022.
2. As per Regulation 34 of the KSERC (Conditions of License for Existing Distribution Licensees) Regulations, 2006, all the Licensees shall pay every year Licence fee to the Commission at the rate of 0.03% of the revenue from the sale of power for the previous financial year. As per the request of KSEB Ltd and considering the accumulated losses and financial liabilities, KSEB Ltd was permitted to remit licence fee for the three financial years commencing from FY 2022-23, to the Commission at the rate of 0.015% of the revenue from sale of power for the previous financial year vide Amendment Regulations, 2022.
3. KSEB Ltd vide D.O letter No. KSEBL/ TRAC/FO/2024-25/119 dated 01.01.2025 has requested the Commission to continue to levy the existing licence fees at the rate of 0.015% for a minimum period of three more financial years from FY 2025-26 onwards.
4. In this context, the Commission, after examining the request of KSEB Ltd. in detail and considering the operational and financial challenges, accumulated losses, and persistent financial losses faced by KSEB Ltd., as well as its significant quantum of power sold, has found it necessary to allow to continue with the existing licence fees for KSEB Ltd. Accordingly, the licence fees shall remain at the rate of 0.015% of the revenue from the sale of power for the previous financial year, for the next three financial years from FY 2025-26. Hence, this amendment to the Regulation is proposed with the aim of ensuring regulatory fairness, promoting long-term financial stability of the power sector, and supporting the overall sustainability of the electricity distribution system in the State, while avoiding any undue financial burden on the licensee.
5. This draft regulation is prepared for incorporating the above objectives.