KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

No. 1010/Con.Engg/ 2026/ KSERC Dated 20th November, 2026

Kerala State Electricity Regulatory Commission
(Multi Year Tariff) Regulations, 2026
Summary of the comments received from stakeholders and the views of the Commission

1. Section 61 of the Electricity Act, 2003 mandates the Appropriate Commission to specify the terms and conditions for the determination of tariff, having regard, among other things, to the principles of a multi-year tariff, the promotion of efficiency and competition, and the safeguarding of consumers' interests while ensuring recovery of the cost of electricity in a reasonable manner. In exercise of these powers, the Commission notified the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2021 on 16.11.2021, for the Control Period from FY 2022-23 to FY 2026-27. The said Regulations were subsequently amended vide gazette notification No. 1807 dated 30.05.2023, gazette notification No. 822 dated 05.03.2024 and gazette notification No. 4334 dated 24.12.2025. With the conclusion of the present Control Period on 31.03.2027, the Commission resolved to formulate new Multi Year Tariff Regulations for the Control Period from FY 2027-28 to FY 2031-32.

2. Since the notification of the 2021 Regulations, there have been significant statutory, regulatory and judicial developments having a direct bearing on the framework for determination of tariff, including the following:

   (i) the Electricity (Amendment) Rules, 2022, mandating a price adjustment formula for the automatic monthly pass-through of variation in fuel and power purchase cost;

   (ii) the Electricity (Second Amendment) Rules, 2023 and the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority;

   (iii) the Electricity (Amendment) Rules, 2024 and the directions of the Hon'ble Supreme Court and the Hon'ble Appellate Tribunal for Electricity for liquidation of the existing regulatory assets;

   (iv) the Model Regulations for Multi Year Distribution Tariff issued by the Forum of Regulators in September, 2025;

   (v) the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025;

   (vi) the technical standards and the advisory of the Central Electricity Authority relating to Renewable Energy Power Plants and Battery Energy Storage Systems, and the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2026 relating to Integrated Energy Storage Systems; and

(vii) the KSERC (Framework for Resource Adequacy) Regulations, 2026.

3. In the light of the above developments, and after considering the views of the State Advisory Committee in its meeting held on 10.03.2026, the Commission published the draft Kerala State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2026 on the website of the Commission on 24.08.2026, vide Notice No. 1010/Con.Engg/2026/KSERC dated 24.08.2026, along with a detailed explanatory note setting out the facts and circumstances leading to the proposed Regulations, inviting comments, suggestions and objections from the stakeholders and the public. An Addendum to the draft Regulations was also published on 08.09.2026. The time limit for submission of written comments, was upto 25.09.2026, and further extended to 30.09.2026. Press releases were issued by the Commission giving the details of the draft Regulations and the online registration for participating in the public hearing. An online portal was also provided on the website of the Commission for the registration of stakeholders for participating in the public hearing, and the details of the registration were made known to the public through the press release dated 08.09.2026.

4. A total of 53 stakeholders registered through the online portal for participating in the public consultation, of which 37 stakeholders expressed their wish to speak at the hearing. The Commission conducted public consultations on the draft Regulations on 29th and 30th September, 2026, in four sessions in hybrid mode (physical and online) at the Court Hall of the Commission, as per the following schedule:

Sl. No.	Date	Session	Time
1	29.09.2026	Session-1	10.30 AM – 12.30 PM
2	29.09.2026	Session-2	02.30 PM – 04.30 PM
3	30.09.2026	Session-3	10.30 AM – 12.30 PM
4	30.09.2026	Session-4	02.30 PM – 04.30 PM

Twenty-six stakeholders participated in the public consultation, and thirty-two stakeholders submitted written comments and suggestions on the draft Regulations. The lists of these stakeholders are appended as Appendix – 1 and Appendix – 2 respectively.

5. The Commission, complying with the provisions of the Act and the Electricity (Procedure for Previous Publication) Rules, 2005, proceeded to finalise the Draft Kerala State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2026, after appropriately considering the comments and suggestions received during the public consultation and through the written/ e-mail submissions. The final Kerala State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2026 were approved by the Commission and notified vide Notification No. 1010/Con.Engg/2026/KSERC dated 16.10.2026, and published in the Kerala Gazette No. 2833 dated 22.10.2026.

6. The comments of the stakeholders who submitted their remarks through written suggestions and through oral submissions during the public hearing have been examined regulation-wise, and the summary of the comments of the stakeholders and the views of the Commission thereon is attached as Annexure.

7. The summary of the comments of the stakeholders and the views of the Commission thereon is published herewith, to ensure transparency and for the information of the stakeholders.

Sd/-
T. K. Jose
Chairman

Sd/-
B. Pradeep
Member

Approved for issue
Sd/-
Rajendran K. V
Secretary

Appendix – 1

Stakeholders who participated in the public consultation process

A. 29th September, 2026

Sl. No.	Name of the stakeholder
1	Shri Sajeev M S, KINESCO Power and Utilities Pvt. Ltd., Kakkanad, Kochi
2	Shri Madhulal J, KSEB Pensioners' Association, Thiruvananthapuram
3	Shri Shaju M A, Chief Engineer (Commercial and Tariff), KSEB Ltd
4	Shri Xavier Mathew Antony
5	Shri Sibykutty Francis, INTUC
6	Shri Ranan R
7	Shri C M Varughese, Ever Green Energy Technologies Pvt. Ltd.
8	Shri Sarath R, FACT
9	Shri Saji Mathew, The Kerala HT & EHT Industrial Electricity Consumers' Association
10	Shri Justin C G, HINDALCO Ltd
11	Shri Sujith P M, HOCL
12	Rubber Park India (P) Ltd., Valayanchirangara, Ernakulam
13	Shri Shajudheen S
14	Shri Sajith Kumar, KSEB Officers' Association
15	Shri Shajahan M, Kairali Gardens Residence Association

B. 30th September, 2026

Sl. No.	Name of the stakeholder
1	Shri Bose Jacob, InSDES, Shoranur
2	Shri Pradeep C Sreedharan, KSEBWA (CITU)
3	Dr. Anoop Singh, Centre for Energy Regulation, IIT Kanpur
4	Shri Dony C S, KSEB Engineers' Association
5	Shri Manoj G, KSEB Seniors Forum, Thiruvananthapuram
6	Shri Ashu Gupta, Clean Max Enviro Energy Solutions Ltd.
7	Smt. Jayalakshmi S, Cochin Port Authority
8	Dr. Anand S R
9	Smt. Ashwini Chitnis, WRI India
10	Shri Mohammed Rafik, AKLWA
11	Smt. Bindu N S, FEEC, Kozhikode

Appendix – 2

Stakeholders who submitted written comments/ suggestions on the draft Regulations

Sl. No.	Name of the stakeholder
1	Shri Raashid Kallingal
2	Shri Rizwan M
3	Shri Babu Thadathil
4	Shri Mohamed Mohamed
5	Shri Kiran R
6	Shri Mohamed Aslam
7	Shri Ramesh P G
8	Shri Wilson K B
9	Shri Xavier Mathew Antony
10	KSEB Pensioners Koottayma
11	Shri George Sebastian
12	Shri Joseph Kanichai
13	Shri Shajudheen S
14	Shri Asokakumar K
15	Shri Ritik Jain
16	KINESCO Power and Utilities Pvt. Ltd., Kakkanad, Kochi
17	Kerala State Electricity Board Limited
18	Infoparks Kerala, Kochi
19	Rubber Park India (P) Ltd., Valayanchirangara, Ernakulam
20	Thrissur Corporation Electricity Department, Thrissur
21	Shri Jose K J, Kerala Rubber Limited, Velloor, Kottayam
22	Smt. Ashwini Chitnis, WRI India
23	Friends of Electricity Employees and Consumers (FEEC), Kozhikode
24	Shri Manoj G, KSEB Seniors Forum, Thiruvananthapuram
25	Shri Ranan R
26	KSP Kadungalloor, Ernakulam
27	KSEB Officers' Association, Kerala
28	Institute for Sustainable Development and Energy Studies (InSDES), Shoranur, Palakkad
29	Shri Sachin Prabhu, Kanan Devan Hills Plantations Company Pvt. Ltd.
30	Shri George Prothasis
31	Shri Madhulal Jayadevan, KSEB Pensioners' Association, Thiruvananthapuram
32	KSEB Engineers' Association

Annexure

KERALA STATE ELECTRICITY REGULATORY COMMISSION

Summary of the comments received from Stakeholders on the 'Draft KSERC (Multi Year Tariff) Regulations, 2026' and views of the Commission

(written comments and oral submission during hearings)

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
CHAPTER I – PRELIMINARY				
Regulation 1 – Short title, commencement, extent and applicability				
1	1.4	**KPUPL**	They submitted that applying the same framework under Regulation 1.4(ii) to all distribution licensees other than KSEB Ltd does not ensure equitable regulation, since a small licensee serving a concentrated industrial area may have high fixed cost per consumer, high asset intensity and limited economies of scale. Expressly define 'Small Distribution Licensee' and provide differentiated provisions relating to O&M expenses, capital investment, working capital, power procurement, distribution-loss targets, supply availability, reliability incentives, regulatory reporting and tariff determination.	The Regulations already provide for licensee-specific treatment: the ARR, O&M expenses, capital investment plan, power purchase, distribution loss/AT&C loss trajectory and tariff of each distribution licensee are approved separately, on the basis of its own past data, filings and specific conditions (Regulations 9, 47 and Annexure-10). Hence a separate definition for 'Small Distribution Licensee' is not considered necessary.
Regulation 2 – Control Period and Scope of the Regulations				
2	2.2	**KSEB Ltd**	They submitted that, considering the peculiar technical and operational impacts of Railway traction loading on the State Grid, suitable enabling provisions including methodology may be incorporated in the Tariff Regulations for determination of specific charges applicable to Railway traction consumers. Include provision for determination and levy of Standby/Backup Charges/Grid Support Charges, Grid Imbalance Compensation Charge and Restoration Charges for Railway traction consumers, at such rates and in accordance with such methodology as may be determined by the Commission from time to time.	The charges applicable to any consumer category, including Railway traction, are matters to be determined in the tariff proceedings. KSEB Ltd may propose such charges, with the supporting technical studies and methodology, in its tariff petition, which will be considered by the Commission on merits. Hence no separate provision is considered necessary in these Regulations.
3	2.2(i)	**KSEB Ltd**	They sought clarification on the applicability of the KSERC (Renewable Energy and Related Matters) Regulations, 2025 to RE projects with co-located/integrated ESS, since Chapter IX of	Regulation 2.2(i) has been modified to specify the categories of generating

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			the Draft MYT Regulations separately provides a tariff framework for ESS, and submitted that the scope of the two Regulations be clearly delineated to avoid overlap. Clearly specify, where RE with storage is implemented as a composite project, whether the entire project is governed by the RE Regulations, 2025 or whether the RE generation component and the storage component are governed separately by the RE Regulations and Chapter IX of the MYT Regulations respectively.	stations and Energy Storage Systems to which these Regulations apply, so that the scope of these Regulations and the applicable Renewable Energy Regulations in force is clearly delineated.
4	2.2(i)	**Dr. Anand S R**	He submitted that a stand-alone ESS Developer can be treated at par with a generating station, and that where an ESS is co-located with a RE station, applicability of the KSERC RE Regulations, 2025 needs reconsideration, especially when the power becomes schedulable, in which case the tariff can be decided under these Regulations. Delete the word "from" after "except" in Regulation 2.2(i).	
5	2.2(i)	**InSDES**	They submitted that a standalone ESSD can be considered on par with a generating station, but when co-located with an RE generating station, the applicability of the KSERC (Renewable Energy and Related Matters) Regulations, 2025 needs to be reconsidered, especially when the power from the plant becomes schedulable. Reconsider the applicability of the RE Regulations, 2025 to ESS co-located with RE generating stations, particularly when output is schedulable.	
6	2.2(i)	**KSEB Officers' Association**	They submitted that, with Regulation 2.2(i) assigning conventional generation and ESS Developers to the MYT Regulations and renewable generation to the RE Regulations, 2025, overlapping jurisdiction should be avoided for Solar + BESS hybrid projects of KSEB Ltd, noting also that Large Hydro above 25 MW has been declared renewable by the Government of India. Provide a clear mechanism for determining the applicable regulatory framework (MYT Regulations or RE Regulations), including for hybrid renewable-storage projects and large hydro, so as to ensure consistency, certainty and avoidance of regulatory overlap during the entire Control Period.	
7	2.2(i)	**KSEB Seniors Forum**	They submitted that a standalone ESSD can be treated at par with a generating station, but when co-located with an RE station, applicability of the KSERC (Renewable Energy and Related Matters) Regulations, 2025 needs reconsideration, especially when the power becomes schedulable, noting that those Regulations are yet to be implemented. Reconsider the applicability of the RE Regulations, 2025 (rather than these Regulations) to ESS co-located with RE generating stations, particularly where the power becomes schedulable.	Regulation 2.2(i) has been modified to specify the categories of generating stations and Energy Storage Systems to which these Regulations apply.
8	2.2(vii)	**KSEB Ltd**	They submitted that the term 'Fuel Surcharge' in Regulation 2.2(vii) may be modified.	The term ‘Fuel surcharge’ in Regulation 2.2(vii) has been replaced with ‘Fuel and

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Replace 'Fuel Surcharge' with 'Fuel & Power Purchase Cost Adjustment Surcharge'.	Power Purchase Cost Adjustment Surcharge (FPPAS)', in line with Regulation 58.
9	2.2(vii)	**KSEB Officers' Association**	They submitted that the term FPPAS, which replaces the fuel-surcharge formula for automatic monthly pass-through of power purchase cost variation, is not defined in the Regulations, which may cause ambiguity regarding its scope, costs and components covered, the period of adjustment and its relationship with the ARR and MYT tariff. Include an explicit definition of FPPAS in the Definitions (Regulation 3).	The scope, components, period of adjustment and method of computation of FPPAS are specified in Regulation 58 and Annexure-3. Further, the term 'Fuel surcharge' in Regulation 2.2(vii) has been replaced with 'Fuel and Power Purchase Cost Adjustment Surcharge (FPPAS)'. Hence a separate definition is not considered necessary.
10	2.4	**HT & EHT Association**	They submitted that the threshold of Rs. 250 crore for applicability of Tariff Based Competitive Bidding leaves many moderate-scale intra-State transmission projects outside competitive bidding and within the regulated tariff mechanism. Review the Rs. 250 crore threshold considering prevailing transmission infrastructure costs and consider a lower threshold to bring more projects under TBCB, promoting competition, efficient cost discovery and timely completion.	The threshold limit of capital cost for execution of transmission projects through TBCB is a matter of policy to be notified by the State Government and intimated to the Commission under Section 108 of the Act. The existing threshold is as per the policy direction issued by the State Government. Hence no change is required in the Regulations.
Regulation 3 – Definitions				
11	3	**KSEB Ltd**	They submitted that certain new definitions are required to be included in Regulation 3. Include definitions of: (1) BESS discharging and charging schedule; (2) Extension Projects; (3) AT&C loss; (4) Distribution loss; (5) Gross load; (6) Net load; (7) Battery Module; (8) Battery Pack and Balance of System; (9) Average cost of Power Purchase; (10) OPEX.	The terms suggested are explained in the respective Regulations where they are used. Hence separate definitions are not considered necessary.
12	3	**KPUPL**	They proposed the addition of a definition of 'Small Distribution Licensee' in the Regulations to enable differentiated treatment. Insert: "'Small Distribution Licensee' means a distribution licensee having a consumer base, annual energy sales, connected load or approved ARR below such threshold as may be specified by the Commission, and/or a distribution licensee operating within a geographically limited industrial/infrastructure park or specialised area of supply."	The Regulations already provide for licensee-specific treatment: the ARR, O&M expenses, capital investment plan, power purchase, distribution loss/AT&C loss trajectory and tariff of each distribution licensee are approved separately, on the basis of its own past

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
				data, filings and specific conditions (Regulations 9, 47 and Annexure-10). Hence a separate definition for 'Small Distribution Licensee' is not considered necessary.
13	3(2)	**TCED**	They submitted that 'Additional Disclosure Statements' are defined with reference to a 'specified entity' (which excludes TCED), whereas Regulations 6.11(viii) and 60.5 require 'the Distribution Licensee' to prepare them, creating ambiguity; until clarified, TCED cannot determine disclosure formats and accounting treatments, and if covered it needs adequate time to build reporting systems. Clarify (i) whether TCED must comply with the Additional Disclosure Statement requirements under Regulations 3(2), 6.11(viii) and 60.5; (ii) whether the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025 apply to TCED notwithstanding its exclusion from 'Specified Entity'; and the precise scope of Additional Disclosure Statements, if any, required from TCED; and if applicable, allow adequate time to build reporting systems.	The Additional Disclosure Statements are to be furnished by the entities to which the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025 apply. Regulations 6.11(viii) and 60.5 apply to a distribution licensee to the extent the said Rules apply to it. The provisions are self-explanatory and hence no change is required.
14	3(9)	**Dr. Anoop Singh, IIT Kanpur**	He sought clarity on whether charging and discharging losses of the integrated energy storage system would be recognised as part of Aux (ess). Explicitly exclude charging and discharging losses from Aux (ess), for clarity.	The charging and discharging losses of the ESS are accounted for in the Round-Trip Efficiency (Regulations 3(105) and 103) and do not form part of Aux (ess). The definition is adequate to distinguish auxiliary consumption.
15	3(11)	**KSEB Seniors Forum**	They submitted that the definition explains the availability of generating stations and transmission systems, with annual availability to be certified by SLDC, but does not cover Energy Storage Systems. The availability of ESS may also be included in the definition.	The availability of ESS is separately defined as 'Plant Availability Factor of energy storage system' or 'PAF (ess)' in Regulation 3(93).
16	3(11)(i)	**Dr. Anoop Singh, IIT Kanpur**	He submitted that the definition refers to daily average declared capacities "as certified by the State Load Despatch Centre", whereas SLDC can certify capacity and not availability. Clarify the role of SLDC in recording/ verifying the declared availability.	The declaration of capacity by the generating station and its verification and certification by SLDC are governed by the Grid Code.
17	3(13)	**KSEB Ltd**	They sought clarification as to whether 'system demand' for determination of base load represents the gross system demand or the net demand observed at the grid after accounting for rooftop solar and other distributed energy resources.	The 'system demand' refers to the demand to be met by the distribution business/ licensee in its area of supply.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Clarify whether 'system demand' in the definition of base load means gross demand or net demand after rooftop solar/DER.	
18	3(13)	**Dr. Anoop Singh, IIT Kanpur**	He submitted that it is not clear whether base load and peak load of the licensee's area cover gross or net load, which differ substantially given high rooftop solar penetration. Limit the definitions to the load to be catered to by the distribution licensee, excluding demand expected to be met through embedded generation such as rooftop solar, captive and open access consumers; state whether gross or net load is meant; where net load is considered, account for the uncertainty in consumption and injection from rooftop solar.	The 'system demand' refers to the demand to be met by the distribution business/ licensee in its area of supply.
19	3(16)	**KSEB Ltd**	They submitted that since the tariff provisions separately recognise battery pack and Balance of System (BoS), definitions of Battery Module, Battery Pack and Balance of System are also required to avoid ambiguity in capital cost, augmentation/replacement and depreciation. Incorporate definitions of Battery Module, Battery Pack and Balance of System.	The battery pack and the Balance of System are treated as separate assets only for the purpose of depreciation under Regulation 104, and their scope will be as per the capital cost approved for the project. Hence separate definitions are not considered necessary.
20	3(17)	**KSEB Ltd**	They sought clarification on counting of partial cycles, since BESS frequently operates through partial charge/discharge under SLDC instructions and cycle counting for useful life, degradation and performance may otherwise be disputed, noting that the treatment differs between peak-support and system-stabiliser (AGC) operation. Define 'Equivalent Full Cycle' so that multiple partial cycles are aggregated appropriately, and clarify battery cycle treatment for different operating modes (peak support vs. AGC/stabiliser operation).	The treatment of partial cycles, including aggregation as equivalent full cycles for different operating modes, will be considered by the Commission at the time of determination of tariff of the ESS, as and when required.
21	3(19)(iv)	**KSEB Ltd**	They submitted that the definition requires clarification/modification, as the functions of SLDC and STU appear to have been combined. Further, the term 'beneficiary' should not be restricted to Distribution Licensees and Open Access consumers, since generating stations, ESS/BESS and other grid-connected entities may also avail SLDC services. Align the functions attributable to SLDC with Sections 32 and 33 of the Electricity Act, 2003 and the applicable Grid Code, attribute connectivity and transmission-charge related functions to STU as per applicable Regulations, and extend the definition to cover generating stations, ESS/BESS and other grid-connected entities availing SLDC services.	The definition covers the present users of SLDC services. The Commission may expand the definition as and when required.
22	3(25)	**Dr. Anoop Singh, IIT Kanpur**	He submitted that the definition of change in law does not cover changes made by local authorities.	The definition is adopted from the Electricity (Timely Recovery of Costs

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Include local authorities in the definition of change in law.	due to Change in Law) Rules, 2021 notified by the Ministry of Power on 22nd October, 2021.
23	3(26)	**KSEB Ltd**	They submitted that there is an inconsistency between the definition and the methodology: while Regulation 3(26) specifically excludes payment of arrears, Annexure-1 takes opening and closing trade receivables into account, thereby effectively considering recovery of previous-year arrears in the Collection Efficiency of the current year. Clarify/reconcile the definition in Regulation 3(26) with the methodology in Annexure-1.	The definition of 'Collection Efficiency' in Regulation 3(26) has been modified in line with the methodology specified in Annexure-1.
24	3(26)	**KPUPL**	They submitted that the term 'arrears', used in Regulation 3(26) on collection efficiency and Regulation 23.1(iv), is not defined, which may lead to inconsistent interpretation of delayed payments, part-payments, disputed or stayed amounts and delayed payment charges, directly affecting the licensee's collection efficiency and consequential regulatory treatment. Define 'arrears' in Regulation 3, specifying the period after which an outstanding amount shall be treated as arrears, and prescribe the treatment of delayed payments, part-payments, disputed amounts and other outstanding receivables for computing Collection Efficiency and AT&C Loss.	
25	3(26)	**WRI India**	They welcomed the exclusion of arrears from the definition of collection efficiency in Regulation 3(26), but pointed out that the Annexure 1 formula, which uses opening and adjusted closing trade receivables, includes collection of arrears and is therefore inconsistent with the definition. Harmonise the definition and formula; for the AT&C loss trajectory, measure collection efficiency against category-wise revenue billed and collected in the same financial year excluding arrears, while the Annexure 1 (Additional Disclosure Statement) measure may continue to be reported separately.	
26	3(33)	**KSEB Ltd**	They sought clarification on the applicability of the uniform 24-month cut-off period from COD to BESS projects, considering the relatively shorter implementation period and modular nature of BESS. The Commission may examine whether a separate/shorter cut-off period is appropriate for BESS.	A separate cut-off period for BESS may be considered by the Commission based on the experience gained in implementation of BESS projects.
27	3(34)	**HT & EHT Association**	They submitted that computing cross subsidy with reference to a single State-wide average cost of supply (Regulations 3(34), 57.5 and 57.6) understates the cross subsidy borne by HT and EHT consumers, whose cost of supply is lower, and, relying on the APTEL Judgment in Appeal No. 102 of 2010, requested determination of voltage-wise tariffs and cross subsidy based on voltage-wise cost of supply.	The definition is in accordance with the National Tariff Policy, which specifies cross subsidy with reference to the average cost of supply.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Modify the definition as: "'Cross Subsidy' means the difference between the applicable average tariff of that consumer category/ sub category and the cost of supply applicable to the voltage level at which that consumer category is supplied as approved by the Commission for that year." Determine voltage-wise tariffs and cross subsidy on VCoS, using the method in notification No. 59/CT/KSERC/2013 dated 30.01.2014.	
28	3(39)	**KSEB Ltd**	They submitted that DC(ESS) is defined only for ESS integrated with a generating station or transmission system and declared by a generating company/transmission licensee, whereas Regulation 96.2 expressly provides for ESS developed by a Distribution Licensee and by an ESSD. Clarify the definition to cover ESS connected to or integrated with the distribution system and ESS developed/owned by a Distribution Licensee or ESSD; specify the manner of declaration of MW and MWh capability and availability for such distribution-connected ESS; and make similar modifications wherever 'integrated energy storage system' is restricted only to generating station/transmission system.	The definition has been modified to cover ESS connected to the distribution system and ESS developed by a distribution licensee or an ESSD.
29	3(51)	**KSEB Ltd**	They submitted that the definition does not identify the specific CPI and WPI indices to be adopted. Specifically identify the CPI and WPI indices to be adopted, their official publishing authorities and the applicable series/base year.	The definition has been modified to specify the CPI and WPI indices to be adopted.
30	3(60)	**Asokakumar K.**	He submitted that the definition of Force Majeure refers to events beyond the control of the utility/ licensee which could not have been avoided through reasonable care or prudent utility practices, but does not specify the conditions to be satisfied by the entity claiming it. The provisions should expressly require: (i) the burden of proof to lie on the entity claiming Force Majeure; (ii) a direct causal connection between the event and the particular failure, delay, expenditure or loss; (iii) proof of the actual period and extent of impact; (iv) reasonable measures of mitigation; and (v) exclusion of consequences attributable to negligence, inadequate maintenance, deficient planning, failure to obtain approvals or other matters within the claimant's control.	Any claim on account of Force Majeure will be admitted by the Commission only after prudence check, based on the documentary evidence furnished by the entity claiming it, establishing the event, its direct impact and the mitigation measures taken, and after stakeholder consultation in the respective proceedings.
31	3(66)	**TCED**	They noted that Regulation 47.1 requires TCED to separately furnish billing, collection and dues of Government consumers, which form a substantial part of its supply, and submitted that the Draft Regulations provide no corresponding relief mechanism, such as surcharge, interest recovery or uncontrollable-factor treatment, for collection shortfalls from this category. Clarify the accounting and disclosure treatment of government consumers for TCED; whether they are to be separately identified and disclosed in TCED's MYT filing; the mechanism, if any,	The separate disclosure of billing, collection and dues of Government consumers under Regulation 47.1 is required as per the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025. The collection efficiency target of the licensee will be

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			for addressing collection shortfalls in this category; and the treatment of government dues and receivables in determining TCED's ARR.	approved under Regulation 47.3, considering the opening level of collection efficiency and the filings of the licensee. Hence no separate mechanism is considered necessary.
32	3(67)	**KSEB Ltd**	They submitted that defining 'Grid Code' as the CERC (Indian Electricity Grid Code) Regulations, 2023, while separately defining 'State Grid Code' with the Kerala State Electricity Grid Code, 2005 governing State-grid operation, may create ambiguity wherever 'Grid Code' is used. Remove the ambiguity in the use of the expression 'Grid Code' vis-a-vis the State Grid Code.	The terms 'Grid Code' and 'State Grid Code' are defined separately in Regulations 3(67) and 3(113), and each is used in its respective context. Hence there is no ambiguity.
33	3(73)	**KSEB Ltd**	They submitted that the definition refers to the EHV substation of the Transmission Licensee/HV substation of the Distribution Licensee and does not expressly cover interconnection at LT level, whereas distributed generation, BESS/ESS and other DER may be connected to the LT distribution system. Modify the definition to cover interconnection with the distribution system at LT as well as HT voltage levels.	The interconnection of distributed generation, ESS and other distributed energy resources at LT level is governed by the applicable Renewable Energy Regulations and the CEA Regulations in force. Hence no change is required.
34	3(74)	**Dr. Anoop Singh, IIT Kanpur**	He submitted that the definition covers ESS co-located with the transmission system, whereas the third proviso to Section 41 of the Electricity Act, 2003 bars a transmission licensee from trading in electricity, and a transmission licensee storing and later injecting energy for payment would in effect be trading unless specifically excluded. Address how storage operated by a transmission licensee will be treated so that it is not construed as trading in electricity (specific exclusion/ clarification).	The ESS co-located with the transmission system will form part of the transmission system of the STU/ transmission licensee, for grid support and deferring transmission investment. The cost of charging and discharging will have to be borne by the beneficiaries, and the transmission licensee need not trade electricity.
35	3(76)	**Dr. Anand S R**	He submitted that the definition lacks voltage classification, and since the 33 kV system in Kerala is operated by KSEBL's Transmission wing while Regulation 3(70) includes it under HT, there is room for confusion; he advocated a meshed 33 kV network with automated modular substations, to remain with the STU now and later move to a Sub-Transmission System Management. Include the 33 kV system also under the Intra-State Transmission System (STS).	The Electricity Act as well as the definition under Regulation 3(76) does not mention any voltage level for inclusion as transmission system. The 33 kV systems can also form part of the transmission systems based on its mode of usage.
36	3(76)	**InSDES**	They submitted that the definition of STS does not provide voltage classification, and since the 33 kV system in Kerala is constructed, operated and maintained by the Transmission wing of KSEB Ltd, the 33 kV system should also be included under STS.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			"Intra-State Transmission System (STS) means the system for conveyance of electricity by transmission lines within the area of the State and includes all transmission lines, sub-stations at 33kV and above and associated equipment in the State, but excluding assets forming part of Inter-State transmission system."	
37	3(80)	**KSEB Ltd**	They submitted that the definition of Maximum Continuous Rating (presently in relation to thermal generating units) should also specify hydro generating stations. Specify MCR for hydro generating stations also.	The definition has been revised to cover hydro generating stations also.
38	3(91)	**InSDES**	They submitted that the definition is applicable only for these Regulations, whereas a consumer or a group of consumers can also be a petitioner before the Commission in other contexts. The definition may begin with "Petitioner in the context of these regulations means…."	The definition applies in the context of these Regulations, which deal with determination of tariff, where a consumer is not the petitioner. Hence no change is required.
39	3(99)	**KSEB Ltd**	They submitted that the 2% annual degradation in Regulation 3(99) is inconsistent with the 1% per year in Regulation 103.4, noting that the KSERC RE Regulations, 2026 adopt 2.5% and that degradation depends on battery chemistry, cycling, operating conditions, temperature and OEM guarantees. Reconcile the two provisions and specify a uniform methodology; consider degradation based on the approved project-specific/OEM-guaranteed degradation curve, subject to an appropriate normative ceiling/benchmark prescribed by the Commission.	Regulations 3(99) and 103.4 have been harmonised, and a uniform degradation factor has been specified.
40	3(99) / 103.4	**KSEB Ltd**	They pointed out an inconsistency in the degradation factor: the definition of 'Rated capacity in respect of BESS' in Reg. 3(99) provides for annual degradation of 2%, whereas Reg. 103.4 specifies battery-pack degradation of 1% per year. Specify a single consistent degradation factor throughout the Regulations.	
41	3(99)	**HINDALCO**	They pointed out an internal contradiction between Regulation 3(99), which sets an annual degradation of 2%, and Regulation 103.4, which specifies 1% degradation. Synchronise Regulations 3(99) and 103.4.	
42	3(99)	**FACT**	They pointed out a mismatch between the 2% annual degradation in the definition of rated capacity of BESS (Regulation 3(99)) and the degradation rate in Regulation 103.4, and urged that degradation not be based on blind measurement but consider factors such as chemical composition and cycle history. Establish a uniform degradation baseline matching the 2% cap used in recent national bids, synchronising Regulations 3(99) and 103.4.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
43	3(105)	**KSEB Ltd**	They submitted that the measurement basis of RTE and the treatment of associated losses are not clearly specified, which may lead to ambiguity in computation. Clarify that RTE shall be measured on an AC-to-AC basis at the specified metering/interconnection point, and specify the treatment of auxiliary consumption, transformer losses and other associated losses.	The Round-Trip Efficiency is measured on an AC-to-AC basis, which is implied in the definition itself, since it compares the energy delivered with the energy supplied for charging, including auxiliary consumption. Hence no change is required.
44	3(105) / 110.1	**KSEB Ltd**	They submitted that the expression 'higher of 85% or actual' in the definition of RTE(BESS) requires correction/clarification, since actual RTE is a measured operational parameter and cannot by definition be deemed to be at least 85%; Reg. 110.1 separately fixes the normative cycle efficiency at 85%. Specify 85% as the normative RTE, with actual RTE determined from metered charging and discharging energy.	The definition in Regulation 3(105) has been modified to remove the ambiguity, with the normative efficiency as specified in Regulation 110.1.
45	3(106)	**Dr. Anand S R**	He submitted that a provision should be added to classify as run-of-the-river those stations whose water utilisation is restricted on account of irrigation/ drinking water commitments requiring continuous discharge. Add proviso: "Provided that if there are restrictions on the water utilization on account of irrigation/ drinking water commitment for continuous discharge of water, such generating station shall be classified as Run-of-the-river station irrespective of the size of upstream reservoir for such period".	Restriction on water utilisation on account of irrigation/ drinking water commitments is an operational matter. The definition is adequate for the purpose of these Regulations, which deal with determination of tariff.
46	3(106)	**InSDES**	They suggested an additional provision to classify stations with water-use restrictions as run-of-the-river stations. Add: "Provided that if there are restrictions on the water utilization on account of irrigation/ drinking water commitment for continuous discharge of water, such generating station shall be classified as Run-of-the-river station irrespective of the size of upstream reservoir".	
47	3(108)	**KSEB Ltd**	They submitted that the definition covers generating stations/units and transmission systems/elements but does not expressly cover Energy Storage Systems, although Chapter IX contains provisions linked to commissioning and early commissioning of ESS. Expand the definition of SCOD to expressly include an Energy Storage System developed by an ESSD or by a generating, transmission or distribution business/licensee.	The definition has been modified to include Energy Storage Systems.
48	3(109)	**KSEB Ltd**	They submitted that the definition refers only to energy scheduled by SLDC for injection into the grid, which suits generating stations but does not fully address ESS/BESS operating in both charging (drawal) and discharging (injection) modes.	The definition has been modified to cover the energy scheduled for charging

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			For ESS/BESS, scheduled energy should include both energy scheduled for drawal for charging and energy scheduled for injection during discharge, as scheduled by SLDC for the relevant time block; provide separate definitions of 'Scheduled Charging Energy' and 'Scheduled Discharging Energy' or an appropriate ESS-specific definition.	(drawal) and discharging (injection) of ESS.
49	3(109)	**HINDALCO**	They submitted that the generic term 'Scheduled Energy' is technically inadequate for storage assets, which operate on separate charging and discharging cycles. Split the parameter into 'Scheduled Charging Energy' and 'Scheduled Discharging Energy'.	The definition has been modified to include the energy scheduled for charging (drawal) and discharging (injection) of ESS.
50	3(109)	**FACT**	They submitted that the single term 'Scheduled Energy' fails to distinguish when a battery acts as a load versus a generator, confusing network calculations and skewing system loss metrics. Split 'Scheduled Energy' into two defined terms: 'Scheduled Charging Energy' and 'Scheduled Discharging Energy'.	The definition has been modified to cover the energy scheduled for charging (drawal) and discharging (injection) of ESS.
51	3(112)	**KSEB Ltd**	They submitted that the proposed definition of 'Specified Entity' is not in line with the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025. Modify the definition of 'Specified Entity' in line with the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025.	The definition of 'Specified Entity' has been modified in line with the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025.
52	3(112)	**HINDALCO**	They submitted that the definition of 'Specified Entity' excludes central and state agencies such as Military Engineering Services, municipal corporations and ports which are deemed licensees under Section 14 of the Electricity Act, 2003, creating a regulatory mismatch. Synchronise the definition with the general disclosure rules to prevent legal conflicts.	The definition is in line with the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025. Hence no change required.
53	3(112)	**FACT**	They submitted that the definition of 'Specified Entity' excludes Government departments, military establishments, municipal bodies and ports which are deemed licensees under Section 14 of the Electricity Act, 2003, contradicting the general financial disclosure rules. Synchronise the definition fully with the disclosure rules to prevent regulatory discrepancies.	
54	3(112)	**TCED**	They submitted that TCED is specifically identified as a distribution licensee in the Draft Regulations and covered by Chapter V, but is excluded from the definition of 'Specified Entity' under Regulation 3(112) as a deemed licensee, and that this distinction has significant consequences since the Regulations and the 2025 Accounts Rules use the two expressions differently. Clarify the precise regulatory and accounting framework applicable to TCED as a Municipal Corporation deemed licensee, including the applicability of the 'Specified Entity' provisions.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
55	3(120)	**KSEB Ltd**	They submitted that the definition of 'Tariff' covers generation, transmission, wheeling and supply of electricity but does not expressly include Energy Storage Services, although Chapter IX provides for determination of tariff for ESS/BESS and expressly recognises tariff for Energy Storage Services. Include Energy Storage Services in the definition of 'Tariff'.	The word 'Tariff' has been modified as "Tariff Schedule' to provide adequate clarity.
56	3(121)	**KSEB Ltd**	They sought clarification on the applicability of tariff subsidy to other distribution licensees of the State, in view of the use of the term 'Specified Entity' in the definition. Clarify applicability of tariff subsidy to other distribution licensees in the State.	The definition has been modified to refer to the distribution licensee, consistent with Regulation 59.
57	3(121)	**TCED**	They submitted that Regulation 3(121) defines 'Tariff Subsidy' with reference to subsidy provided 'to any specified entity', whereas Regulation 59 uses the broader term 'distribution licensee', resulting in an apparent inconsistency affecting TCED, which is excluded from 'Specified Entity'. Resolve the inconsistency and clarify the applicability of the tariff subsidy provisions under Regulation 59 to TCED, and whether the subsidy pass-through mechanism under Section 65 of the Act and Regulation 59 is fully applicable to TCED and its consumers notwithstanding the 'Specified Entity' terminology in Regulation 3(121).	
58	3(123)	**KSEB Ltd**	They proposed modification of the definition to give flexibility to adopt a shorter time span if required in future, especially for railways. "Time block" means a continuous block of fifteen (15) minutes starting from 00:00 hours, unless the context otherwise requires or a different time block is specifically stipulated by the Commission for any particular purpose, category of consumer/user, service or charge.	Adoption of time blocks shorter than 15 minutes is not feasible at this stage and may be considered in due course. Further, in view of the practical difficulties in metering and energy accounting, a time block of 30 minutes is also specified, wherever required.
59	3(130)	**Dr. Anand S R**	He submitted that the voltage level may also be specified in the definition of transmission system. Revise as: "(130) 'Transmission system' means a transmission line or a group of lines with or without associated substations, and includes equipments associated with transmission lines and sub-stations including and above 33kV level;"	The definition is in line with the provisions of the Act, and the voltage-wise classification is already covered under the definitions of EHT, HT and LT in Regulation 3. Hence no change is required.
60	3(130)	**InSDES**	They suggested that the definition specify the voltage level. "Transmission system means a transmission line or a group of lines with or without associated substations, and includes equipments associated with transmission lines and sub-stations at voltage levels 33kV and above."	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
61	3(133)	**KSEB Ltd**	They submitted that Regulation 3(133) specifies a useful life of 15 years for BESS, whereas Regulation 104 separately specifies a useful life of 12 years for the Battery Pack and 25 years for the Balance of System, and this inconsistency needs to be corrected. Correct the inconsistency between Regulation 3(133) and Regulation 104 regarding useful life of BESS.	Regulation 104 has been modified to remove the inconsistency with Regulation 3(133) regarding the useful life of BESS.
62	3(133)	**KPUPL**	They objected to the uniform 35-year useful life for distribution assets, submitting that components such as RMUs, switchgear, UG cables, transformers, protection and control equipment have substantially shorter lives due to obsolescence and Kerala's climate, so that a long life delays capital recovery, leaves stranded undepreciated value on replacement and causes cash-flow pressure, particularly for a small licensee. Amend 3(133): "(vii) Distribution Assets – useful life shall be specified separately for major classes of distribution assets, taking into account the technical, physical, economic and technological life of each asset, as specified in the applicable tariff regulations or determined by the Commission"; with indicative lives: 11 kV/LT UG cable 30 years; RMUs 25 years; 11 kV VCB/switchgear 25 years; distribution transformer 30 years; LT panels 20 years; protection/relay/control equipment 10 years; metering and communication equipment 7 years; battery storage 5 years. Alternatively, add provisos: "Where any distribution asset is required to be replaced before completion of its prescribed useful life on account of technical deterioration, failure, obsolescence, change in technology, safety requirements, natural calamity or act of God, change in statutory standards or other reasons beyond the reasonable control of the distribution licensee, the un-depreciated value of the existing asset shall be considered for appropriate regulatory treatment, subject to prudence check." and "Replacement of an asset prior to the normative useful life shall not, by itself, be construed as imprudent expenditure or result in denial of the un-depreciated value of the asset, where the distribution licensee establishes the technical and economic necessity of such replacement."	The useful life in Regulation 3(133) is specified for the classes of assets distinguished in the existing books of accounts of the licensees. Hence no change is considered necessary.
63	3(133)	**KSEB Engineers' Association**	They submitted that the useful life of AC/DC substations, including Gas Insulated Substations (GIS), is set at 25 years, whereas modern GIS installations with continuous SF6 gas quality monitoring and partial discharge testing have an operational life of 35 to 40 years. Extend the useful life of GIS assets under Regulation 3(133) to 35 years, in line with transmission lines.	
64	3(137)	**Domestic On-Grid Solar**	They submitted that extending peak hours (and peak-hour ToD charges) up to 11:30 PM would act as an indirect penalty on ordinary domestic households, who cannot shift essential night-time loads such as fans and air conditioners during hot summer nights.	The time zones are specified considering the State-specific load curve, in which the evening peak demand extends beyond 22:00 hrs. The

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
		Prosumers Forum		time zones are retained for the present. As provided in the second proviso to Regulation 3(137), the Commission may review and refix the time zones through separate orders based on changes in the consumption pattern of the State. The ToD rates applicable to each consumer category, including domestic consumers, will be decided in the tariff order.
65	3(137)	**Dr. Anoop Singh, IIT Kanpur**	He submitted that the fixed time zones do not reflect seasonal variation in demand and market prices, noting that market prices peak and ramping pressure is significant between 5:30 and 6:30 PM, adding cost to the system. Make the time zones seasonally dynamic; restrict solar hours to 5:00/ 5:30 PM, adjusted across months/ seasons; select peak and off-peak hours on the basis of demand-supply conditions and market prices across months.	The time zones are specified considering the State-specific load curve, in which the evening peak demand extends beyond 22:00 hrs, and the solar generation pattern in the State. The time zones are retained for the present. As provided in the second proviso to Regulation 3(137), the Commission may review and refix the time zones through separate orders based on changes in the consumption pattern of the State.
66	3(137)	**FEEC**	They noted that Zone 1 (solar hours) is specified as 08:00 to 18:00 hrs, whereas solar generation is normally considerable only from 09:30 hrs to 16:30 hrs. The Commission may review and refix the time zones considering that solar generation is considerable only from 09:30 hrs to 16:30 hrs.	The time zones are specified considering the State-specific load curve, in which the evening peak demand extends beyond 22:00 hrs, and the solar generation pattern in the State. The time zones are retained for the present. As provided in the second proviso to Regulation 3(137), the Commission may review and refix the time zones through separate orders based on changes in the consumption and solar generation pattern in the State.
67	3(137)	**INTUC**	They raised concern that extending peak hours up to 11:30 PM affects ordinary consumers the most. Reconsider the extension of peak hours to 11:30 PM.	
68	3(137)	**InSDES**	They submitted that Zone 1 (solar hours) is from 08:00 to 18:00 hrs, but solar generation is very low during 08:00-09:30 hrs and 16:30-18:00 hrs. Include these two time periods in off-peak hours or create a new classification for them.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
69	3(137)	**KSEB Engineers' Association**	They submitted that Zone 2 peak hours are defined as a continuous 5.5-hour window from 18:00 to 23:30 hrs. Bifurcate Zone 2 into a Core Peak (18:30 to 21:30 hrs) and a Shoulder Peak for precise pricing signals; and mandate under Regulation 19.6 that all ToD time-zone reconfigurations in smart meters be executed remotely through Over-The-Air (OTA) firmware updates without physical meter recalibration.	Modification in the peak zone may be considered in due course based on experience in energy transition. The re-programming of smart meters for any change in the time zones is an operational matter.
70	3(137)	**KSEB Seniors Forum**	They supported the revised time zones, including extension of the peak zone up to 23:30 hrs, as realistic, but submitted that solar generation is very low during 08:00–09:00 hrs and 17:00–18:00 hrs, which are included in Time Zone 1 (solar hours). The duration of Time Zone 1 (solar hours) may be reviewed.	The duration of Zone 1 may be reviewed, as provided in the second proviso to Regulation 3(137), based on changes in the consumption pattern and solar generation in the State.
71	3(137)	**Asokakumar K.**	He submitted that the technical basis for extending the peak period up to 23:30 hrs needs to be justified, since classification as peak energy directly affects ToD billing, renewable energy settlement, banking and related charges for prosumers. The Commission may disclose the load-curve data, methodology and technical basis for the peak period. The final Regulations should ensure that the peak-hour period is based on demonstrated system-level peak conditions and that its financial consequences for consumers/ prosumers are duly examined before adoption.	The load curve data of the State is available on the website of the Commission. The time zones are fixed considering the State-specific load curve, and the financial impact on consumers/ prosumers will be examined in the tariff proceedings.
72	3(137)	**HT & EHT Association**	They objected to the extension of the ToD peak period up to 23:30 hrs (5.5 hours against the existing 4 hours) under Regulation 3(137), submitting that continuous process industries with uniform 24-hour drawal cannot shift consumption, so the extension operates as a tariff increase rather than a price signal. Design the ToD framework so as not to adversely affect continuous process industries; ensure that the peak period applicable to EHT and HT consumers does not extend beyond the existing 18:00–22:00 hrs, or provide appropriate treatment. Alternatively, keeping the average daily unit cost at 100%: Zone 1 (08:00–18:00) 93% of rate; Zone 2 (18:00–23:30) 150% of rate; Zone 3 (23:30–08:00) 75% of rate. Also provide an additional 10–20% subsidy/rebate to HT & EHT industrial consumers to increase consumption during solar hours.	The ToD rates for each time zone and the impact on continuous process industries will be considered by the Commission while issuing the tariff order. While, many continuous process industries may not be able to shift operation pattern, they may be able to modify drawal pattern from the grid, using energy storage devices, based on the price signals provided.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
CHAPTER II – GENERAL PRINCIPLES				
Regulation 5 – Multi Year Tariff (MYT) framework				
73	5.1	**KSEB Officers' Association**	They pointed out a drafting error: the draft reads the MYT framework applied only to "a generating business/licensee and the State Load Despatch Centre". Include transmission, distribution and ESSD, consistent with Regulation 5.2	The typographical error has been corrected. Regulation 5.1 now covers the generating business/ company, ESSD, transmission business/ licensee, distribution business/ licensee and SLDC, consistent with Regulation 5.2.
74	5.1	**WRI India**	They pointed out that Regulation 5.1 states the MYT framework applies to 'a generating business/ licensee and the State Load Despatch Centre', omitting transmission and distribution. Include all regulated businesses, consistent with Regulation 5.2.	
75	5.2(vi)	**KSEB Officers' Association**	They pointed out an inconsistency between Regulation 5.2(vi), which provides for MPR on trued-up figures for 2027-28 and 2028-29 with revised forecast for 2029-30 to 2031-32, and Regulation 6.2, which provides for truing up to 2027-28 and revised forecast for 2030-31 and 2031-32. Align the years in Regulations 5.2(vi) and 6.2	Regulation 6.2 has been corrected in line with Regulation 5.2(vi).
76	5.2(vi)	**WRI India**	They welcomed the structured Mid-term Performance Review in FY 2029-30 (Regulations 5.2(vi) and 6.2) as an appropriate checkpoint within the five-year Control Period without requiring full re-determination every year.	Noted.
Regulation 6 – Filing under the Multi-Year Tariff (MYT) framework				
77	6	**KPUPL**	They submitted that Regulation 6 requires extensive audited statements, additional disclosures, ARR formats, AT&C loss statements, financial models and spreadsheet linkages, which may impose a disproportionate administrative and financial burden on a small distribution licensee. Introduce a Simplified Regulatory Filing Framework for Small Distribution Licensees: simplified ARR formats, fewer repetitive disclosures, proportionate audit requirements, consolidated CAPEX reporting, simplified power procurement reporting, and acceptance of digitally maintained records with adequate audit trails.	The obligations of a distribution licensee under the Act are the same irrespective of its size, and the filing requirements are applicable uniformly to all distribution licensees. Hence a separate filing framework is not considered necessary.
78	6.1	**KSEB Ltd**	They submitted that, considering the limited time between notification of the final Regulations and the stipulated filing date, more time is needed to submit complete, accurate and duly verified petitions in accordance with the final Regulations. Extend the date for initial filing under Regulation 6.1 by one month, from 30.11.2026 to 31.12.2026.	The date for filing is specified so as to ensure timely determination of tariff for the Control Period commencing from 1st April, 2027. Hence the date for filing cannot be extended.
79	6.1	**Cochin Port Trust**	They submitted that the time up to 30th November for filing the five-year MYT petition is insufficient to compile the ARR calculations.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Extend the filing date by three to four months, up to 27th January.	
80	6.1	**KSEB Officers' Association**	They submitted that the MYT petition deadline of 30 November 2026 is tight given the new requirements for SBU-wise audited accounts, smart-meter based capex analysis and cost audit reports. Extend the deadline for filing the MYT petitions by at least three months.	
81	6.1	**KRL**	They expressed concern that the 30 November 2026 filing date for the MYT petition leaves small licensees very limited time to understand the yet-to-be-finalised Regulations and revise their models and data, and, given the consequences under Regulation 6.19 including proceedings under Section 142 of the Electricity Act, 2003, submitted that adequate time be provided. Withdraw the fixed filing date of 30 November 2026 and prescribe the due date for filing the ARR and Capital Investment Plan as four months from the date of publication/notification of the final MYT Regulations, 2026.	
82	6.1	**TCED**	They submitted that filing a complete MYT petition, including truing up for FY 2025-26, in the common Annexure 11 formats by 30.11.2026 is not practically feasible, since the Regulations take effect only on Gazette publication and the changed definitions, revised O&M methodology and 2025 Rules require substantial additional work, and premature filing may result in incomplete or inconsistent disclosures. In exercise of the power of relaxation under Regulation 118, extend the last date for filing the MYT petition beyond 30.11.2026; issue the necessary clarifications on 'Specified Entity', Additional Disclosure Statements, Government Consumers, Government dues and tariff subsidy; provide adequate time after such clarifications and finalisation of the Regulations to revise computations; and permit TCED to file a complete, duly reconciled and regulation-compliant petition within a reasonable period after the applicable framework is conclusively established.	The date for filing is specified so as to ensure timely determination of tariff for the Control Period commencing from 1st April, 2027. Hence the date for filing cannot be extended. The clarifications sought on the other matters are addressed under the respective Regulations.
83	6.2	**Infoparks Kerala**	They submitted that MPR filing by small licensees duplicates information already considered in the tariff determination of KSEB Ltd, from whom they procure their entire power. Insert a proviso to Regulation 6.2 exempting small licensees from the requirement of MPR submission.	All the distribution licensees have the same obligations under the Act, irrespective of whether they are small or large distribution licensees. Hence exemption from filing the MPR cannot be considered.
84	6.2	**WRI India**	They pointed out that Regulation 5.2(vi), providing MPR on trued-up figures for FY 2027-28 and FY 2028-29 with revised forecasts for FY 2029-30 onwards, is inconsistent with Regulation 6.2,	Regulation 6.2 has been modified in line with Regulation 5.2(vi).

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			which refers to true-up up to FY 2027-28 and revised forecast only for FY 2030-31 and FY 2031-32, since the FY 2028-29 true-up is due only by 30.11.2029. Harmonise Regulations 5.2(vi) and 6.2 and clearly specify the years for which tariffs may be revised at the MPR.	
85	6.5	**Infoparks Kerala**	They submitted that small licensees may be exempted from the Renewable Purchase Obligation (RPO), as it is already taken care of by KSEB Ltd. The regulation may be suitably revised to exempt small licensees from the RPO requirement.	It is the duty of every distribution licensee to comply with the RPO specified by the Commission from time to time. Hence exemption cannot be considered.
86	6.7	**WRI India**	They noted that Regulation 6.7 requires the applicant to provide details of past performance and sought a standardised historical performance baseline for setting new trajectories. Require Licensees to file, in a standardised format, their actual performance over FY 2022-23 to FY 2026-27 against the then prevailing norms (distribution loss, AT&C loss, collection efficiency, O&M expenses, capex and capitalisation, reliability indices), and publish this as the reference baseline for the new trajectories.	Regulation 6.7 requires the applicant to furnish the details of past performance, which implies the historical data. Hence no change required.
87	6.11(v)	**C. P. George**	He submitted that KSEB Ltd continues with integrated accounts that fail to identify inefficiencies and losses of each SBU, since no interface points or interface meters exist between the Generation, Transmission and Distribution SBUs and audit metering is inadequate, contrary to the CEA Metering Regulations, 2006. Enforce separate functional accounting of assets, capital works, energy handled, losses and O&M for each of Generation, Transmission, Distribution and SLDC, based on data from interface and audit meters installed as per the CEA Metering Regulations, 2006, so that efficiency can be incentivised and the cost of inefficiency is not passed on to consumers.	As per the proviso to Regulation 6.11(v), KSEB Ltd shall file separate audited Financial Statements for each of the regulated business units, i.e., Generation, Transmission, Distribution and SLDC. The installation of interface and audit meters is governed by the CEA Regulations on metering.
88	6.11(viii)	**KDHPCL**	They submitted that much of the Additional Disclosure Statements is not applicable or of limited relevance given the scale of their operations, and that several particulars are already furnished in ARR and true-up filings, resulting in duplication and unnecessary compliance burden. Exempt small distribution licensees from the additional disclosure requirements to the extent permissible under the statutory framework, or alternatively prescribe a simplified and proportionate disclosure framework limited to relevant and material particulars, dispensing with disclosures that are not applicable or already furnished through ARR, true-up or other filings.	The Additional Disclosure Statements are as per the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025. Hence no change required.
89	6.16	**WRI India**	They welcomed approval of ARR and tariff for each year of the Control Period as giving force to efficiency incentives and tariff visibility, but pointed out that Regulation 6.16 limits a year's tariff	Form D 5.3(c) of Annexure-11 has been suitably modified.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			to that year unless continued, inconsistent with Regulation 5.2(v), and that Form D 5.3(c) projects revenue from proposed tariff only for FY 2028-29. State clearly that category-wise tariffs for all years of the Control Period are determined in the MYT order and may be revised only at the MPR, apart from automatic FPPAS and the RA surcharge; correspondingly, Form D 5.3(c) of Annexure 11 should cover each year from FY 2027-28 to FY 2031-32.	
90	6.17	**WRI India**	They noted that Regulation 6.17 requires financial models with linkages to be filed with the Commission and sought public availability of such filings so that figures are traceable and comparable across years. Publish the petition in text-searchable form and all Annexure 11 formats and linked financial models on the Licensee's and Commission's websites in an open, machine-readable spreadsheet format with formulae intact and a common data dictionary.	Noted.
91	6.18	**WRI India**	They noted that, although the draft defines the distribution wires and retail supply businesses and requires separate SBU accounts and apportionment of common expenses, it prescribes no timeline for segregating the ARR and accounts of the two businesses, even though wheeling charges under Regulation 56 depend on apportioning the distribution ARR. Prescribe a time-bound transition (e.g., within two years of notification) to audited segregation of wires and supply accounts, with an interim allocation statement that is audited and published.	Segregation of the accounts of the distribution wires business and the retail supply business may be considered in due course.
92	6.19	**WRI India**	They welcomed Regulation 6.19 enabling proceedings under Section 142 of the Act where a petition is not filed within one month of the stipulated date, but submitted that the Licensee should not benefit from carrying cost for delays attributable to it. Provide that carrying cost under Regulation 32.10 on any revenue gap shall not be allowed for the period of delay attributable to the Licensee.	Carrying cost will be allowed by the Commission only after prudence check. Such issues can be considered while issuing the order.
Regulation 8 – Norms of operation to be the ceiling norms				
93	8	**KSEB Officers' Association**	They submitted that a normative ceiling can result in expenditure above the norm being automatically unrecoverable. Provide that the ceiling principle shall not prevent prudence-based recognition of uncontrollable, statutory, exceptional or system-critical expenditure.	Regulation 8 relates to the norms of operation and enables the parties to agree to improved norms. The expenditure on account of uncontrollable factors will be dealt with under Regulations 10 and 11, after prudence check.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 9 – Specific trajectory for certain variables				
94	9	**WRI India**	They noted that Regulation 9 enables (but does not require) the Commission to stipulate trajectories for supply disruptions and power quality, and submitted that mandatory trajectories would balance focus on efficiency and service quality and improve transparency on outcomes of capital investments. Mandatorily specify trajectories for SAIDI and SAIFI and monitor additional indicators such as CAIDI, distribution transformer failure rate and average outage duration.	The reliability indices, including SAIDI and SAIFI, are already specified in the KSERC (Standards of Performance of Distribution Licensees) Regulations, 2015, and the incentive for achieving them is provided in Regulation 51.
Regulation 10 – Uncontrollable and Controllable factors				
95	10	**KPUPL**	They objected to classifying the entire O&M expenses as controllable under Regulation 10.2(vi), submitting that some components arise from statutory, safety, contractual and system requirements, and that KPUPL's R&M expenditure on substation operation and maintenance was essential and unavoidable. Provide item-wise segregation of O&M expenses into controllable and uncontrollable components; treat expenditure on mandatory manpower, statutory and safety requirements, O&M of substations and other unavoidable operational requirements as uncontrollable, subject to prudence check, so that only expenditure reasonably within the licensee's control is subject to the efficiency mechanism.	The O&M expenses are allowed on normative basis with annual escalation. The expenses on account of pay revision (Regulation 15.5), statutory levies, change in law and force majeure events are adequately covered under the Regulations. Hence no change required.
96	10.1	**KSEB Ltd**	They submitted that certain factors not attributable to KSEBL should be expressly recognised as uncontrollable. Expressly recognise environmental/forest approvals, land acquisition delays, ROW constraints, geological surprises, natural calamities, supply-chain disruption and factors attributable to other agencies as uncontrollable wherever not attributable to KSEBL.	The Commission will consider such factors on a case-to-case basis during prudence check, as provided in Regulation 10.3.
97	10.1	**Dr. Anand S R**	He submitted that time and/or cost overruns in project implementation caused by factors such as government intervention, lack of timely government support, litigation or public opposition should be treated as uncontrollable factors. Add to the list of uncontrollable factors: "variations in capital expenditure on account of time and/or cost overrun in the implementation of a project due to government intervention/ lack of government support in time/ litigation in court of law/ public opposition preventing progress of activity where a police case has been registered".	Time and cost overruns in the implementation of a project are controllable factors under Regulation 10.2(i). However, where the overrun is due to reasons beyond the control of the applicant, the Commission will decide on a case-to-case basis after prudence check, as provided in Regulation 10.3.
98	10.1	**InSDES**	They suggested adding further items to the list of uncontrollable factors. Add: "variations in capital expenditure on account of time and/or cost overruns in the implementation of a project and any expense incurred due to government control, litigation in	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			court of law, public opposition preventing progress of activity where a police case has been registered".	
99	10.1	**KSEB Engineers' Association**	They submitted that uncontrollable factors should adequately cover events materially affecting cost of supply beyond the utility's control, including variations in power purchase cost, transmission charges, statutory levies and changes in law, and that extraordinary expenditure from natural calamities and emergency restoration should not automatically be treated as controllable. Define uncontrollable factors to include, but not be limited to: (i) force majeure events including floods, landslides, cyclones, lightning, natural calamities and other extraordinary events; (ii) change in law, judicial pronouncements and orders of the Central/ State Government or the Commission; (iii) variation in fuel cost, power purchase cost, transmission charges and statutory levies, to the extent not attributable to controllable factors; (iv) extraordinary expenditure for restoration of infrastructure damaged by natural calamities or force majeure, subject to prudence check; and (v) any other factor determined by the Commission to be beyond the reasonable control of the applicant.	Force majeure events, change in law, judicial pronouncements, variation in fuel prices and statutory levies are already included in Regulation 10.1, and the variation in power purchase cost is dealt with through FPPAS under Regulation 58. The list is inclusive, and any other factor will be decided by the Commission under Regulation 10.3. Hence no change required.
100	10.1	**KRL**	They supported the treatment of change in law and judicial pronouncements as uncontrollable factors under Regulation 10.1, but submitted that consequential tariff relief should be automatic, particularly as regulatory proceedings may extend over several years. Expressly provide that where a subsequent judgment of the Supreme Court/APTEL changes the legal treatment of any ARR component (including depreciation, normative loan, RoE, tax or non-tariff income), the consequential financial impact shall be given effect together with carrying cost.	Change in law and judicial pronouncements are uncontrollable factors under Regulation 10.1(ii), and the approved impact will be passed through during truing up as per Regulation 11, along with carrying cost on the admissible amounts as per Regulation 32.10. Hence no change required.
101	10.1	**TCED**	They submitted that, with O&M expenses classified as controllable under Regulation 10.2(vi) and losses on controllable factors borne entirely by the licensee under Regulation 12.2, expenditure variations arising from statutory requirements may have to be absorbed entirely by TCED. Recognise the following as uncontrollable/pass-through expenditure under Regulation 10.1, subject to prudence verification: (i) DA revision; (ii) pay revision and statutory employee-related expenditure (to the extent not covered by Regulation 15.5); (iii) pension and terminal liabilities; (iv) mandatory statutory contributions; (v) regulatory and compliance expenditure; (vi) cybersecurity expenditure; (vii) expenditure from mandatory digitalisation; (viii) emergency expenditure from natural calamities; and (ix) other expenditure imposed by statute or competent government/regulatory authorities.	Pay revision is allowed as pass through under Regulation 15.5, and statutory levies, change in law and force majeure events are uncontrollable factors under Regulation 10.1. The other items form part of the normative O&M expenses, which are escalated annually. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
102	10.1(ii)	**RPIPL**	They supported recognition of judicial pronouncements as an uncontrollable factor under Regulation 10.1, but submitted that the consequential tariff relief should be automatic, particularly where proceedings extend over several years and the impact cannot be reflected in the original ARR. Amend Regulation 10.1 or the relevant provision on uncontrollable factors to expressly provide that wherever a subsequent judgment of the Supreme Court or APTEL alters or clarifies the legal treatment of any component of ARR, the consequential financial impact shall be allowed through truing-up or other regulatory adjustment, together with carrying cost, subject to prudence check and verification of the actual financial impact.	Change in law and judicial pronouncements are uncontrollable factors under Regulation 10.1(ii), and the approved impact will be passed through during truing up as per Regulation 11, along with carrying cost on the admissible amounts as per Regulation 32.10. Hence no change required.
103	10.1(v)	**WRI India**	They submitted that Regulation 10.1(v) treats additional short-term purchase under special circumstances as uncontrollable and Regulation 45.2 permits such purchase for shortfalls due to demand variations, whereas forecasting and planning are at least partly within the Licensee's control. Clarify that such costs will be treated as uncontrollable only after a prudence check establishes that the shortfall did not arise from deficient planning or forecasting.	The cost of additional short-term power purchase is treated as uncontrollable only under the special circumstances specified in Regulation 45, and will be allowed only after prudence check.
104	10.3	**KSEB Ltd**	They submitted that, as Regulations 10.1 and 10.2 already specify uncontrollable and controllable factors, a general discretion to subsequently reclassify factors may create uncertainty in MYT risk allocation and lead to disputes at truing up. Delete or suitably modify Regulation 10.3 so that classification is ordinarily governed by Regulations 10.1 and 10.2; where a factor is not specifically covered, its classification may be decided by the Commission on a case-to-case basis after hearing the affected entity, having regard to whether the factor was within its reasonable control and whether its impact could reasonably have been mitigated.	The lists in Regulations 10.1 and 10.2 are inclusive. Regulation 10.3 enables the Commission to decide on any factor on a case-to-case basis, considering the facts and circumstances. Hence no change required.
105	10.3	**RPIPL**	They submitted that the words 'and it shall be final' in Regulation 10.3 should be deleted, since Section 111 of the Electricity Act confers a statutory right of appeal to APTEL, which a subordinate regulation cannot restrict. Regulation 10.3 should end with "...taking due consideration of the facts and circumstances of the case." and the words "and it shall be final" be deleted.	The words ‘it shall be final’ refer to the decision of the Commission in the respective proceedings, and do not affect the statutory right of appeal under Section 111 of the Act. Hence no change required.
106	10.3	**Asokakumar K.**	He submitted that, since classification under Regulation 10.3 determines whether gains/losses are passed through, it should be based on evidence and actual causation rather than the licensee's description, particularly when a controllable factor is sought to be treated as uncontrollable, and that a Force Majeure finding should not automatically make the resulting loss recoverable through tariff.	The classification of a factor will be decided by the Commission after prudence check, based on the details and supporting documents furnished by the applicant as per Regulation 11.2,

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Regulation 10.3 should expressly require documentary proof, causal analysis and a reasoned determination for every classification of a factor as uncontrollable. Recoverability should remain subject to prudence, necessity, reasonableness, actual impact and avoidance of double recovery.	through a reasoned order. Hence no change required.
Regulation 12 – Mechanism for sharing of gains or losses on account of controllable factors				
107	12	**KSEB Ltd**	They submitted that expenditure genuinely incurred for system reliability, safety and consumer service should not automatically be treated as a controllable loss merely because it exceeds the MYT projection. Provide that such genuinely incurred expenditure for reliability, safety and consumer service is not automatically treated as controllable loss.	The expenditure incurred will be considered during truing up after prudence check, and the classification of any factor as controllable or uncontrollable will be decided by the Commission under Regulation 10.3.
108	12	**HT & EHT Association**	They submitted that Regulation 40 of the 2021 Regulations, which prescribed the mechanism and formula for computing and sharing gains from controllable factors between the generating station and beneficiaries in the ratio 2:1, has not been carried into the Draft. Retain the provision for sharing financial gains on controllable factors computed as per prescribed formulae, including for generating stations on account of the normative operational parameters.	The sharing of gains on account of controllable factors, including those of the generating business/ company, is provided in Regulation 12.1. The Regulation 40 of Tariff Regulations, 2021 dealt with thermal generating stations. The Tariff Regulations, 2026 does not include provisions for thermal generating stations, instead it provides for adoption of CERC Regulations in the matter. Accordingly, sharing of gains etc for the thermal stations will be as per CERC Regulations.
109	12.1 & 12.2	**Infoparks Kerala**	They submitted that the regulations provide for sharing of gains on performance parameters between the utility and consumers in the ratio 2:1, while losses are to be absorbed by the utility alone, and that such a sharing proportion is not prudent. Revise the provision to provide for sharing of losses as well, in the same manner as sharing of gains.	The controllable factors are within the control of the regulated entity. The sharing of gains is intended as an incentive for efficiency, whereas the losses on account of controllable factors cannot be passed on to the consumers. Hence no change required.
110	12.1	**Asokakumar K.**	He submitted that under Regulation 12.1 consumers receive only one-third of gains on controllable factors while two-thirds remain with the regulated entity, whereas consumers, who bear the tariff, should be entitled to the larger share.	The sharing of gains in the ratio 2:1 is intended to incentivise efficiency improvement by the regulated entity.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Two-thirds of the gain on account of controllable factors should be passed on to consumers.	These provisions were also there in the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021. Hence no change required.
111	12.1(ii)	**KSEB Officers' Association**	They pointed out a drafting error: the draft reads the clause ending with a colon, with the proviso left out. Complete the proviso or end the clause	The drafting error has been corrected.
112	12.2	**KRL**	They submitted that Regulation 12.2, requiring losses from controllable factors to be borne entirely by the licensee, is too broad, since read with Regulations 10 and 41 it may lead to 100% disallowance of losses from deviation in AT&C loss targets, inconsistent with the sharing mechanism under the Electricity Rules, 2005 as amended in 2023. Insert a proviso: "Provided that gains and losses arising from deviation from the AT&C loss reduction trajectory shall be shared strictly in accordance with the Electricity Rules, 2005, as amended from time to time."	The variation in distribution loss is specifically dealt with under Regulation 41.3, and the AT&C loss trajectory will be approved under Regulation 47.5. Hence no change required.
113	12.2	**RPIPL**	They submitted that Regulation 12.2, read with Regulations 10 and 41.3, requires losses from distribution loss as a controllable factor to be borne entirely by the licensee, which is inconsistent with the gain/loss sharing mechanism for AT&C loss trajectory deviation under the Electricity (Second Amendment) Rules, 2023. Coordinate Regulation 41.3 with Regulations 10 and 12.2 so as to avoid any inconsistency in the treatment of distribution loss as a controllable factor, consistent with the sharing mechanism under the Electricity Rules.	The variation in distribution loss is specifically dealt with under Regulation 41.3, and the AT&C loss trajectory will be approved under Regulation 47.5. Hence no change required.
114	12.2	**Babu Thadathil**	He submitted that losses arising from inefficiency, negligence, poor planning, delays or inadequate management should not automatically be transferred to consumers through higher tariffs. Implement accountability mechanisms where negligence or failure of responsibility is established, holding the responsible officers and authorities accountable under the applicable service rules.	As provided in Regulation 12.2, the losses on account of controllable factors shall be borne by the regulated entity and shall not be passed on to the consumers in any manner. Accountability of officers under the service rules is beyond the scope of these Regulations.
Regulation 13 – Principles for adoption of Transfer Scheme for KSEB under Section 131 of the Act				
115	13.1	**KSEB Workers Association**	They submitted that, for employees who joined before the 2013 restructuring, the funding requirements of the Master Trust must be fully secured.	The funding requirements of the Master Trust are addressed under Regulations

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Secure Master Trust funding through guaranteed regulatory mechanisms based on ongoing actuarial valuations.	13.1(iv), 13.1(v) and 13.1(vi), based on actuarial valuation.
116	13.1(i)	**HT & EHT Association**	They supported Regulation 13.1(i) (revaluation of assets not to qualify for depreciation or return) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
117	13.1(ii)	**KSEB Officers' Association**	They noted that, unlike the earlier framework under which the reduction of contributions, grants and subventions made as part of the Transfer Scheme was not considered for depreciation, the draft provides that such reduction is to be considered while computing depreciation, and submitted that the provision requires scrutiny as its recurring impact on the ARR needs to be checked.	The provision is the same as in the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021. The omission of the word 'not' in Regulation 13.1(ii) has been corrected.
118	13.1(ii)	**HT & EHT Association**	They submitted that Regulation 13.1(ii) drops the word 'not' from clause (iii) of existing Regulation 34 of the 2021 Regulations, creating ambiguity, and duplicates the treatment of consumer contribution, deposit work, capital subsidy, grant and regulatory surplus already governed by Regulation 27.2, the proviso to Regulation 28.1 and Regulation 32.1. Delete Regulation 13.1(ii).	The word 'not' has been included in Regulation 13.1(ii).
119	13.1(iii)	**HT & EHT Association**	They submitted that Regulation 13.1(iii) drops the identification of the Government equity by the two Transfer Scheme Government Orders and carries no qualification excluding return on equity on consumer-funded assets, and requested that the relevant terms be restored. "(iii) The equity of the Government of Kerala as per the above Transfer Scheme published vide Government Order No. GO(P) 46/2013/PD dated 31.10.2013 and GO(P) No. 3/2015/PD dated 28.01.2015 under Section 131 of the Act is considered for computation of return on equity: Provided that no return on equity shall be allowed on so much of the value of the assets as has been funded from the contribution received from the consumers, grants and such other subventions which stands reduced under clause (ii) of this Regulation."	The Transfer Scheme notifications are already specified in the opening part of Regulation 13.1, and hence need not be repeated in clause (iii). Hence no change required.
120	13.1(iv)	**KSEB Pensioners Koottayma**	They submitted that KSEBL has not remitted to the Master Trust the bond principal and interest allowed by the Commission in the MYT and truing up orders, has since FY 2017 booked bond interest while diverting the amounts to direct pension payments, and has not included interest, principal repayment or pension contributions in its ARR or truing up petitions. Factor the repayment of principal and interest on the bonds into the computation of the ARR, and direct KSEB Ltd to remit the interest and bond repayments allowed by the Commission directly to the Master Trust on the 1st of April every year.	Regulation 13.1(iv) already provides for reckoning the principal and interest on the Master Trust bonds for the ARR and truing up. Remittance of the amounts allowed to the Master Trust is the responsibility of KSEB Ltd. Non-compliance of regulations, if any, can be examined through legally constituted separate proceedings.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
121	13.1(v)	**KSEB Ltd**	They submitted that current service cost, which has historically formed only about 25% of the actuarial liability under Ind AS 19 (Rs. 715 crore as per the 31.03.2026 valuation), is insufficient for the Pension Master Trust's cash-flow needs, leaving a projected annual shortfall of about Rs. 2,550–2,860 crore during FY 2027-28 to 2031-32 that KSEBL has no means to bridge. Review Regulation 13.1(v): until the funding pattern is finalised, consider the actual amount paid by KSEBL to the Pension Master Trust towards pension obligations for regulatory purposes; and allow the actuarially assessed interest cost on the unfunded liability in the ARR as an additional contribution over and above the current service cost.	KSEB Ltd is required to follow the provisions of Regulation 13.1(vi) to bridge unfunded liability, if any.
122	13.1(v) & (vi)	**InSDES**	They understood that the funding plan of the unfunded liability as on 31.03.2027 will be considered for ARR and the annual service cost for the control period allowed separately, and questioned whether the annual service cost for each year can be separated, since the actuarial valuation is arrived at as a sum on a particular date. Confirm whether the annual service cost can be separated for the respective years, and check the relevance of the second proviso to 13.1(v).	The current service cost for each year is considered based on the assessment provided in the annual actuarial valuation report, as provided in Regulation 13.1(v).
123	13.1(v)	**KSEB Engineers' Association**	They submitted that while current service cost based on actuarial valuation is allowed, annual pension contributions to the Master Trust are excluded from O&M expenses, and that legacy pension liabilities of erstwhile KSEB employees are statutory commitments under the Transfer Scheme that must be fully protected in the ARR. Modify Regulation 13.1(v) to state: "The terminal liability servicing and actuarial obligations towards the Master Trust shall be allowed as a pass-through expense in the ARR in strict conformity with Government Notifications GO(P) 46/2013/PD and GO(P) No. 3/2015/PD."	The principal and interest on the Master Trust bonds, the current service cost and the funding plan of the unfunded liability are already provided in Regulations 13.1(iv), 13.1(v) and 13.1(vi), in line with the Transfer Scheme notifications. Hence no change required.
124	13.1(v)	**KSEB Pensioners Koottayma**	They submitted that KSEBL has failed to conduct actuarial valuation and pay the annual pension contribution to the Master Trust required by clause 9(e) of the amended Second Transfer Scheme, in addition to bond interest and principal, and has not remitted the additional Rs. 400 crore directed by the Commission. Direct KSEB Ltd to compute and deposit the additional annual pension contribution to the Master Trust whenever the Trust's funds become inadequate to meet its yearly liabilities, as envisaged under the Transfer Scheme statutes.	KSEB Ltd is regularly submitting the annual actuarial valuation report during the proceedings of True up of Accounts. Specific non-compliance, if any, can be examined through a legally constituted separate proceeding.
125	13.1(v)	**HT & EHT Association**	They supported the second proviso to Regulation 13.1(v) (annual pension contribution to the Master Trust not to be considered as part of O&M expenses) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
126	13.1(vi)	**KSEB Ltd**	They submitted that the Government, vide G.O.(Rt) No. 36/2025/POWER, constituted a Sub-Committee on Master Trust matters, which has submitted its report including recommendations on funding arrangements, and a Government decision is awaited. The detailed funding plan under Regulation 13.1(vi) may be submitted before the Commission upon receipt of the Government's decision/approval.	Noted.
127	13.1(vi)	**KSEB Pensioners' Association**	They welcomed the provision in Regulation 13.1(vi) addressing the deficit, if any, of the Master Trust towards pension payment obligations. KSEB Ltd should ensure timely and effective implementation of the funding plan for the unfunded liability towards the Master Trust as on 31.03.2027, as per the audited balance sheet and based on the updated actuarial valuation.	Noted.
128	13.1(vi)	**KSEB Officers' Association**	They noted that the draft recognises principal and interest on Master Trust bonds in the ARR and leaves the funding plan of the unfunded liability as on 31.03.2027 to separate proceedings under Regulation 13.1(vi), but submitted that it does not clearly specify the treatment of interest/financing cost accruing on the existing unfunded liability during the intervening period. In addition to the annual current service cost, allow the interest/financing cost actually accruing on the recognised unfunded actuarial liability, supported by actuarial valuation and subject to prudence check, for ARR and truing up; and provide in the Regulation a time-bound mechanism for determination of the unfunded liability.	The funding plan of the unfunded liability, which includes the related costs, will be considered by the Commission through separate proceedings under Regulation 13.1(vi).
129	13.1(vi)	**KSEB Pensioners Koottayma**	They submitted that under the Transfer Schemes KSEBL and the State Government are jointly and severally responsible for pension liabilities of erstwhile KSEB personnel, to be met through Government support, KSEBL bonds to the Master Trust and electricity duty, but KSEBL has not remitted bond interest/principal, electricity duty or the budgetary provision, in violation of the Transfer Schemes and the Tripartite Agreement, leaving the Trust without funds while the latest actuarial liability is Rs. 36,000 crore. Include a provision permitting KSEB Ltd to issue new bonds amounting to Rs. 2,000 crore annually, thereby amortising the unfunded liability of Rs. 24,000 crore.	The funding plan of the unfunded liability will be considered by the Commission through separate proceedings under Regulation 13.1(vi), based on the plan submitted by KSEB Ltd along with the approval of the State Government.
130	13.1(vi)	**HT & EHT Association**	They submitted that the new Regulation 13.1(vi) permits recovery of KSEB Ltd's unfunded terminal liability through separate proceedings without specifying the quantum, recovery period or State Government share, does not carry forward the safeguards in Regulation 30 of the 2021 Regulations, and does not bar duplication with clauses (iv) and (v). Add "and the approval of the Board of Directors of KSEB Ltd" after the State Government approval, and insert provisos: "Provided further that the separate proceedings referred to in this clause shall be taken up on a Petition published by the Commission, and the stakeholders shall be afforded an opportunity of being heard, and the order therein shall separately state the	The funding plan of the unfunded liability will be considered only through separate proceedings, following due process including public hearing. The stakeholders may raise their concerns during the hearing.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			quantum of the unfunded liability admitted, the portion thereof to be funded by the State Government and the number of years over which the balance is to be recovered: Provided also that no amount shall be allowed under this clause to the extent that the same liability has been allowed under clause (iv) or clause (v) of these Regulations or as part of Operation and Maintenance expenses … and the bonds issued to the Master Trust shall be amortized at the rate prescribed in the Transfer Scheme notified by the Government of Kerala."	
Regulation 14 – Liquidation of Regulatory Asset/ Surplus				
131	14	**KSEB Pensioners' Association**	They supported full recovery of the regulatory asset up to 31.03.2024 and welcomed the alignment with the direction of the Hon'ble Supreme Court for liquidation by 31.03.2031. Provide safeguards to prevent tariff shock for domestic and BPL consumers.	Noted.
132	14	**KSEB Engineers' Association**	They submitted that the time-bound liquidation is intended to reduce the regulatory asset burden, but recovery through a fixed number of instalments may impose a significant additional burden on consumers and create cash-flow pressure on KSEB Ltd if the recovery is not matched by timely remittance from the other distribution licensees. Ensure that the approved regulatory asset, including carrying cost, is recovered in full within the stipulated period; provide for monthly remittance, reconciliation and recovery of delayed payments.	Regulations 14.4 and 14.5 provide for collection of the RA surcharge by the licensees, its monthly transfer to KSEB Ltd and submission of the details of collection to KSEB Ltd and the Commission. Any shortfall in recovery will be considered during truing up.
133	14	**KSEB Officers' Association**	They submitted that while Regulation 14.1 mandates liquidation of the regulatory asset in four equal instalments, Regulation 14.3 recovers the RA surcharge partly based on billed energy, and the draft does not address a shortfall in annual recovery arising from lower-than-projected billed energy; the methodology for calculating carrying cost is also unclear. Provide that any shortfall arising due to variation in sales be trued up and recovered in the subsequent period without compromising liquidation of the regulatory asset by 31.03.2031; and separately define the treatment of regulatory assets and regulatory surpluses, including the manner of carrying cost/interest, recovery/refund, adjustment against future ARR and treatment of any shortfall or excess collection.	Any variation in recovery of the RA surcharge, including that due to variation in sales, will be considered during truing up as per the provisions of the Electricity (Amendment) Rules, 2024, so as to ensure liquidation by 31.03.2031. Carrying cost is provided in Regulation 32.10.
134	14	**TCED**	They sought clarity on the applicability of Regulation 14, relating to liquidation of regulatory assets/surplus, to TCED. Clarify the applicability of Regulation 14 to TCED and the manner in which any such requirement is to be implemented.	Regulation 14 is applicable to all the distribution licensees in the State. As per Regulation 14.4, the RA surcharge shall be collected from the consumers of all the licensees, and the licensees procuring power from KSEB Ltd shall

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
				transfer the amount collected to KSEB Ltd on a monthly basis.
135	14	**WRI India**	They welcomed the four-instalment schedule for liquidation of regulatory assets by 31.03.2031, the distinct Regulatory Asset (RA) surcharge and separate accounting of the RA surcharge collected (Regulation 14.6) as providing much-needed clarity.	Noted.
136	14	**WRI India**	They sought a transparent roll-forward statement of the regulatory asset. Incorporate in the MYT and true-up formats of Annexure 11 a roll-forward statement showing opening balance, additions, category-wise recoveries through the RA surcharge, carrying cost, closing balance and annual recovery schedule; mandate Licensees to update and publish it quarterly on their website and maintain archives.	Noted.
137	14.1	**KSEB Ltd**	They submitted that regulatory asset not amortised during 2024-25 to 2026-27 should also be allowed to be liquidated during 2027-28 to 2030-31. Provide that regulatory asset not amortised during 2024-25 to 2026-27 shall also be liquidated during 2027-28 to 2030-31.	The provision is included in line with the directions of the Hon'ble Supreme Court and Hon'ble APTEL. Any variations in regulatory asset during the truing up process will be dealt with as per the provisions of the Electricity (Amendment) Rules, 2024.
138	14.1	**Cochin Port Trust**	They submitted that it plans major capital works, including RPO and ESS projects and a second 110 kV supply source from KSEB Ltd for redundancy and compliance with Standards of Performance, and needs funds for these upgrades. Extend the regulatory surplus liquidation timeline to 31.03.2030 by liquidating it in two equal instalments from 2029–30 instead of four annual instalments from 2027–28.	The regulatory asset/ surplus of all the distribution licensees is to be liquidated in four equal instalments from 2027-28, as per the directions of the Hon'ble Supreme Court and the Hon'ble APTEL.
139	14.1	**FACT**	They supported KSEB Ltd's request, to safeguard the utility's cash flow, that unamortised regulatory assets of the 2024–2027 period be cleared sequentially over the 2027–2031 control period. Allow unamortised regulatory assets from 2024–2027 to be cleared sequentially over the 2027–2031 control period.	The provision is included in line with the directions of the Hon'ble Supreme Court and the monitoring by the Hon'ble APTEL. Any variations in regulatory asset during the truing up process will be dealt with as per the provisions of the Electricity (Amendment) Rules, 2024.
140	14.2	**WRI India**	They cited PFC and Prayas (Energy Group) data showing Kerala's accumulated losses rising sharply to Rs 38,648 crore as on 31.03.2025 (42% CAGR from FY16 to FY24, the fastest of any state), and submitted that recovery in four equal instalments from FY 2027-28 to FY 2030-31 under Regulation 14.1 could make the RA surcharge a significant component of consumer bills.	The figures cited are incorrect in respect of quantum of regulatory asset. May please refer the true up orders for the

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			State upfront the exact quantum of regulatory asset, including carrying cost, to be recovered as on the date of filing of the MYT petition; the Commission should publish its provisional assessment under Regulation 14.2 together with amounts already liquidated or earmarked for liquidation up to 31.03.2027, so consumers can meaningfully comment on the RA surcharge design under Regulation 14.3.	financial years upto 2023-24 and MYT order for the control period 2022-27.
141	14.3	**KSEB Ltd**	They submitted that the term 'tariff invoice' used for levy of RA surcharge on demand-based consumers creates ambiguity. For demand-based consumers, levy RA surcharge based on demand charge and energy charge instead of 'tariff invoice'; for other consumers, a combination of 'rate per kW per month' and a percentage of energy charges; and for consumers billed on energy charge only, a percentage of energy charge.	Regulation 14.3 has been suitably modified to remove the ambiguity in the term ‘tariff invoice’.
142	14.3	**KSEB Ltd**	They submitted that the RA surcharge mechanism should ensure full and timely recovery of the approved annual regulatory asset instalment. Provide that any under-recovery arising from sales variation, collection shortfall or change in consumer mix shall be automatically adjusted in subsequent periods together with carrying cost.	Any variations will be considered during truing up, as per the provisions of the Electricity (Amendment) Rules, 2024.
143	14.3	**FEEC**	They submitted that levying the RA surcharge on connected load for consumers other than demand-based consumers is problematic, since declared connected load, especially of domestic consumers, is often inaccurate and there is no automatic mechanism to capture actual load, so consumers who have not honestly declared their connected load would benefit. The RA surcharge shall be recovered as a percentage of the tariff invoice raised for all consumers.	As per the proviso to Regulation 14.3, the RA surcharge will be determined by the Commission based on the petition filed by KSEB Ltd, after hearing the stakeholders. The suggestions for mitigating the ill effects, if any, due to under reporting may be provided in that proceeding.
144	14.3	**InSDES**	They submitted that levying part of the RA surcharge as a 'rate per kW per month based on connected load' seems impractical. Levy the RA surcharge as a percentage of the tariff invoice for all consumers.	
145	14.3	**KSEB Seniors Forum**	They submitted, regarding the RA surcharge (which the draft levies as a percentage of the tariff invoice for demand-based billed consumers and as a combination of rate per kW per month and a percentage of energy charges for others), that it should be uniform for all consumers. The RA surcharge shall be charged uniformly as a percentage of the tariff invoice for all consumers.	
146	14.3	**FACT**	They submitted that computing the Regulatory Asset Surcharge as a single consolidated percentage of the total bill drastically inflates the absolute outflow for EHT industrial users, affecting cost predictability, stability and transparency for manufacturing units.	Respective consumers can very well assess their unit rate, based on their applicable tariff and the percentage

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Decouple the RA surcharge from the total bill value and levy it as a flat fixed per-unit (paise/kWh) charge based on active energy consumption.	figure of RA. A uniform percentage of bill amount is considered in light of prevailing practice across the country and equity consideration.
147	14.4	**KPUPL**	They objected to the RA surcharge determined for KSEBL being made applicable to consumers of all licensees, submitting that KPUPL's consumers should not bear another licensee's historical revenue gap without a clear, transparent mechanism, and that collection and remittance creates additional administrative and accounting burden. (1) Clearly segregate the KSEBL RA surcharge from KPUPL's ARR; (2) ensure non-collection does not affect KPUPL's collection efficiency; (3) provide that KPUPL has no financial liability for delayed/non-payment by consumers for reasons beyond its control; (4) prescribe a transparent reconciliation mechanism; (5) consider whether consumers of other licensees should bear such historical liabilities.	Since the Retail Supply Tariff is set uniform for the consumers of all the licensees in the State, the RA surcharge is also to be made applicable to the consumers of all the licensees uniformly. The mechanism for collecting certain charges like green tariff, fuel surcharge etc and transfer to KSEB Ltd is already in place.
148	14.7	**InSDES**	They submitted that 'cost reflective tariff' is an extract of para 71(i) of the cited Supreme Court order. Quote paras 71(i) to (iv) of the Supreme Court order completely in the regulation for clarity.	It is not appropriate to reproduce the orders of the Hon'ble Court in the Regulations. Regulation 14.7 refers to the order, which shall be read as a whole.
149	14.7	**HT & EHT Association**	They supported Regulation 14.7 (tariff to be determined on a cost-reflective basis) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
150	14.7	**WRI India**	They submitted that the Regulations should expressly incorporate the requirements of Rule 23 of the Electricity Rules, 2005 (as amended in 2024), that Regulation 14.7 on cost-reflective tariffs needs to be strengthened accordingly, and stressed timely payment of subsidy under Section 65 of the Act given past gaps. Expressly incorporate the 3% ceiling on any new revenue gap except in case of natural calamity, and a time-bound liquidation plan with a defined trajectory for any such gap, including gaps arising from true-up.	The provisions of the Electricity (Amendment) Rules, 2024 are already taken care of, as per the directions of the Hon'ble Supreme Court and the Hon'ble APTEL. Further, Regulation 14.7 provides for determination of tariff on cost reflective basis, taking guidance from Rule 23 of the said Rules.
Regulation 15 – Truing up of the Aggregate Revenue Requirement and expected revenue from tariff and charges				
151	15	**WRI India**	They submitted that the annual true-up under Regulations 6.1(iii) and 15 is an important monitoring mechanism but should not trigger re-determination of the tariff path each year, since	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			monthly pass-through of uncontrollable power purchase cost variations is already available through FPPAS; the intent is not to remove any safeguard. Separate the annual true-up from annual tariff determination, with true-up being given effect during the MPR rather than through annual tariff revision.	
152	15.5	**INTUC**	They raised concerns regarding pay revision.	Expenses relating to pay revision will be considered for pass through after due prudence check, as provided in Regulation 15.5.
153	15.5	**InSDES**	They submitted that since the annual service cost of pension during the control period is allowed through the ARR under Regulation 13.1(v), any amount due to pension revision must also be allowed through the ARR, and Regulation 15.5 should provide for its pass through. Revise "Expenses relating to pay revision" in Regulation 15.5 as "expenses relating to pay revision/ pension revision".	Pension is part of the ARR through the current service cost under Regulation 13.1(v), and the pension payments are met by the Master Trust. Periodical actuarial valuations are expected to capture any variations in liability on account of pay revision which is beyond the actuarial assumptions. Hence no change required.
154	15.5	**KSEB Pensioners' Association**	They submitted that Regulation 15.5 allows pay revision expenses as pass-through after prudence check, but does not mention pension revision. Explicitly provide that pension revision expenses will also be considered for pass-through after prudence check.	
155	15.5	**KSEB Workers Association**	They submitted that the pass-through mechanism for upcoming employee pay revisions is ambiguously integrated. Codify the pay revision pass-through mechanism in the text of the Regulations.	The pass through of pay revision expenses after due prudence check is already provided in Regulation 15.5. Hence no change required.
156	15.5	**HT & EHT Association**	They submitted that Regulation 15.5 allows an uncapped pass-through of pay revision expenses, the qualifying words of the 2018 Regulations having been dropped in 2021, which is inconsistent with a normative O&M regime subject to an efficiency factor; while not disputing the entitlement, they argued, relying on the APTEL Judgment dated 10.11.2014, that employee strength be addressed and pay revision linked to efficiency improvement. "15.5 Expenses relating to pay revision, if any, during the control period, for the same level of employees as admitted in the truing up of accounts for the base year of the Generation business/ company or Transmission business/ licensee or SLDC or distribution business/ licensee, will be considered for pass through after due prudence check: Provided that the pay revision shall be linked to improvement in efficiency levels."	The suggestions will be considered by the Commission appropriately during the prudence check under Regulation 15.5.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
157	15.5	**TCED**	They welcomed Regulation 15.5 as partially addressing its concern, but submitted that it refers only to 'pay revision' and does not clarify whether it extends to Dearness Allowance revisions, pension and terminal liabilities, or other statutory/Government-mandated employee costs. Expressly clarify that Regulation 15.5 extends to Dearness Allowance revisions and pension-related costs.	The Dearness Allowance revisions are covered under the normative O&M expenses, which are escalated annually based on the CPI and WPI. Regulation 15.5 applies only to pay revision. Hence no change required.
158	15.5	**WRI India**	They noted that employee expenses are now allowed on a normative basis linked to inflation and growth parameters (Annexure 10), and that additionally allowing pay revision impact as a pass-through may lead to double counting. Clarify how double counting with the inflation-linked norms will be avoided and whether any efficiency expectation will apply.	An efficiency factor is provided in the normative O&M expenses, and pay revision is allowed only after prudence check. Hence the concern is adequately addressed in the Regulations.
159	15.6	**WRI India**	They sought that the classification of cost variances under Regulations 10, 12 and 15.6 be made auditable. At each true-up, the Licensee should publish the classification of every cost variance as controllable or uncontrollable, with reasons and the gain/loss computation; Form D 8 (Deviation Analysis) may be amended for this purpose.	Noted.
160	15.6(iii)	**KSEB Officers' Association**	They submitted that Regulation 15.6(iii) merely provides that the revenue gap/surplus may be carried forward to the ARR of subsequent years 'as decided by the Commission'. Provide explicitly for carrying cost on the approved revenue gap and ensure time-bound recovery of the approved gap.	Carrying cost on the approved revenue gap is already provided in Regulation 32.10. Hence no change required.
CHAPTER III – PROCEDURE FOR DETERMINATION OF TARIFF				
Regulation 17 – Determination of Generation and Energy Storage System tariff				
161	17.3	**KSEB Ltd**	They submitted that an absolute prohibition on availing power before PPA approval could conflict with emergency procurement provisions. Add an exception for emergency/contingency/short-term procurement permissible under the Act/Regulations or directions of SLDC/Commission.	Regulation 17.3 shall be read harmoniously with the provisions of Regulation 45 relating to short-term power procurement, including procurement in contingency situations.
162	17.4	**Dr. Anand S R**	He submitted that, unlike Regulation 17.3 which mandates prior PPA approval, Regulation 17.4 does not require prior approval before a distribution licensee develops a new generating station, so small licensees may build stations without regard to overall cost or timing of generation, adding to the State's surplus and pushing up KSEBL's power procurement cost.	Prior approval of the capital investment by the Commission is already required as per the provisions relating to the Capital Investment Plan. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Include a requirement of prior approval of the Commission before a distribution licensee develops a new generating station.	
163	17.4(iii)	**KSEB Ltd**	They submitted that Chapter IX relates to Energy Storage Systems and hence Chapter IX information should be required only where the distribution licensee owns/operates an ESS. Modify to read: "Chapter VIII and, where applicable, Chapter IX."	This is already implied in the Regulation, and the information under Chapter IX is to be furnished only in the applicable cases.
Regulation 18 – Determination of tariff for transmission business/ licensee and State Load Despatch Centre charges				
164	18.1	**KSEB Ltd**	They submitted that the title of Regulation 18 is confined to Transmission Business/Licensee and SLDC, whereas Regulation 18.1 also refers to the Distribution Business/Licensee, which is inconsistent with the scope and title and may create ambiguity about applicability. Review and correct; if Regulation 18 is intended exclusively for Transmission Business/Licensee and SLDC, delete the reference to Distribution Business/Licensee in Regulation 18.1.	The reference to the distribution business/ licensee in Regulation 18.1 has been deleted.
165	18.2	**KSEB Ltd**	They submitted that ESSD should also be included in Regulation 18.2 along with the filing formats. Include ESSD along with filing formats as item (iii) in Regulation 18.2.	Regulation 18.2 has been modified to include ESSD.
Regulation 19 – Determination of tariff for distribution business/ licensee				
166	19.1	**KPUPL**	They objected to Regulations 19.1 and 57.2 providing a uniform State-wide RST equal to that determined for KSEB Ltd, submitting that KPUPL's cost structure in industrial/infrastructure parks differs substantially from KSEBL's, so a uniform RST without an adequate compensatory mechanism can create a structural revenue gap, and that better performance efficiency results in increased BST. Ensure the principle of uniform tariff does not deny legitimate and prudently incurred costs of KPUPL; consider licensee-specific RST based on approved ARR and cost of supply.	As a matter of policy and considering that the entire power requirements of small licensees are met by KSEB Ltd, the Retail Supply Tariff is kept uniform across the State, and the Bulk Supply Tariff is determined based on the uniform Retail Supply Tariff and the revenue gap/ surplus of the respective licensees, which adequately ensures recovery of the approved costs. Hence no change required.
167	19.1	**HT & EHT Association**	They supported Regulation 19.1 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
168	19.2	**HT & EHT Association**	They supported Regulation 19.2 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
169	19.3	**HT & EHT Association**	They supported Regulation 19.3 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
170	19.4	**HT & EHT Association**	They supported Regulation 19.4 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
171	19.4(vi)	**CleanMax**	They submitted that the methodology for apportioning fixed cost to demand charges should be specified, as industrial and commercial consumers already bear a disproportionate share of fixed cost through demand charges, and any further increase would adversely affect them. Specify a formula/ mechanism, with illustration, for apportioning fixed cost per kW/ kVA and for determining the demand charges of commercial and industrial consumers relative to the average, so that they do not subsidise other categories.	Generally, the fixed cost recovered through fixed/ demand charges is lower than the actual fixed cost. The fixed/ demand charges for each category will be determined in the tariff order, based on the proposal of the licensee under Regulation 19.4(vi), after hearing the stakeholders.
172	19.5	**Domestic On-Grid Solar Prosumers Forum**	They objected to fixed charges for domestic consumers based on maximum demand or sanctioned connected load, questioning how the present smart metering and billing process would capture the data, and submitted that household connected load reflects future or temporary needs rather than continuous demand, so penalising short-term peaks would cause widespread billing disputes and affect rooftop solar growth. Retain the existing energy consumption-based fixed charge system until a stable, universal smart meter rollout is achieved across the State; clearly define how demand data will be captured and assessed.	The present static meters are capable of capturing the maximum demand of respective consumers. The fixed charges for domestic consumers will be determined in the tariff order, based on the proposal filed by the licensee in the tariff petition, after hearing the stakeholders.
173	19.5	**FEEC**	They submitted that demand-based fixed charges on Recorded Maximum Demand should not be limited to domestic consumers, and that levying fixed charges on sanctioned connected load in the interim until metering systems are ready is not preferable. Extend demand-based fixed charges based on RMD to all consumers, not only domestic consumers. For domestic consumers, until metering systems are ready for demand-based fixed charges, continue the existing system of charging fixed charges instead of computing them on sanctioned connected load.	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
174	19.5	**InSDES**	They submitted that Recorded Maximum Demand, now available in almost all meters, is the most scientific basis for fixed charges and should not be limited to domestic consumers, and that levying fixed charges on sanctioned connected load for domestic consumers in the interim period would cause unnecessary complications. Revise the regulation to cover all consumers, and continue the present system of charging fixed charges during the interim period until metering systems are ready.	Noted.
175	19.5	**KSEB Pensioners' Association**	They welcomed the move to fixed charges based on Recorded Maximum Demand, but submitted that for domestic consumers it may lead to billing disputes until smart meters and the related infrastructure are fully in place. Continue the present consumption-based system for domestic consumers until smart metering infrastructure is fully implemented.	The present static meters are capable of capturing the maximum demand. The fixed charges for domestic consumers will be determined in the tariff order, based on the proposal filed by the licensee in the tariff petition, after hearing the stakeholders.
176	19.5	**KSEB Engineers' Association**	They submitted that a tolerance is needed to prevent widespread billing disputes and public discontent during the initial roll-out of smart meters in the residential sector. Add proviso: "Provided that a tolerance margin of 10% over sanctioned load or 1 kW (whichever is higher) shall be allowed before penal demand charges apply to domestic consumers."	The suggestion may be looked into during the tariff determination.
177	19.5	**KSEB Seniors Forum**	They submitted that Recorded Maximum Demand is the most scientific basis for fixed charges and is now available in almost all meters, with the balance to be replaced in the next control period, and that using sanctioned connected load for domestic consumers in the interim would lead to unnecessary complications. The present system of charging fixed charges for domestic consumers shall be continued until demand-based fixed charges are implemented, instead of switching to sanctioned connected load in the interim.	Noted.
178	19.5	**Babu Thadathil**	He submitted that the present tariff structure includes fixed charges and various additional components apart from the actual consumption charge, increasing the burden on consumers. Review the fixed and additional charges and examine a tariff structure that places greater emphasis on actual electricity consumption, while remaining financially sustainable.	The tariff structure, including the fixed charges, will be determined in the tariff order based on the petition filed by the licensee. A consultation process will be conducted, during which the stakeholders can submit their comments on the proposal of the licensee.
179	19.5	**Ranan R**	He submitted that fixed charges based on maximum demand are not feasible, since installations are deliberately designed with higher connected loads for future expansion, doubted whether household meters can accurately log peak demand without resets or upgrades, and stated that complicating billing without fixing existing data-logging errors poses a severe financial risk to the public.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
180	19.5	**Wilson K B**	He questioned the rationale for levying a separate fixed charge when an energy charge is already being collected. Discontinue the separate fixed charge and levy only a single unified energy charge.	Electricity Act, 2003 mandate both energy charge and fixed charge for the electricity supplied.
181	19.5	**TCED**	They submitted that Regulation 19.5 does not clarify whether a net-metered domestic prosumer's Recorded Maximum Demand is measured on the gross import side or on a net basis, and that net measurement could make RMD artificially low, causing under-recovery of fixed network and capacity costs and shifting them onto non-solar domestic consumers. Clarify that, for the purpose of Regulation 19.5, the RMD of a domestic consumer with rooftop solar/net-metering shall be measured on the gross import side of the meter (independent of simultaneous solar export) and not on a net basis.	The RMD will be reckoned on the basis of the import/ export recorded by the meter, as applicable.
182	19.6	**BMAS (Kerala Chapter)**	They submitted that an effective ToD price spread is needed to make daytime charging economical and to give a clear commercial incentive for discharge during the evening peak. Implement an effective ToD pricing spread to encourage daytime charging and peak-evening discharge of BESS.	The suggestion can be considered while determining the tariff.
183	19.6	**KSEB Engineers' Association**	They submitted that load shifting induced by solar daytime rebates can create unintended revenue deficits if net revenue neutrality is not built into the tariff equation. Add: "Provided that the overall ToD/ ToU tariff design shall ensure revenue neutrality to the distribution licensee based on historical consumption profiles."	Noted.
184	19.6	**Mohamed Aslam**	He proposed a Time-of-Use tariff combined with net billing to encourage consumers to shift consumption away from peak hours and improve utilisation of solar power, by shifting flexible loads such as EV charging, battery charging, water heating and pumping to solar hours. ToU rates of 25% of the normal tariff during solar hours, 100% during night/off-peak hours and 200% during peak hours, combined with net billing.	The ToD/ ToU rates will be considered while determining the tariff, based on the proposal of the licensee under Regulation 19.6. A consultation process will be conducted, during which the stakeholders can submit their comments on the proposal of the licensee.
185	19.6	**Rizwan M**	He made a suggestion on the ToD billing rates. ToD tariff of 50% or 30% (of the normal tariff) during morning hours and 30% from 6 PM to 11 PM.	
186	19.6	**HT & EHT Association**	They submitted that the ToD proposal should separately identify continuous process consumers, their load factors and the practical shiftability of their peak-period consumption for appropriate treatment, and that the solar-hour tariff must be at least 20% lower than the normal tariff as per the Electricity (Rights of Consumers) Rules, 2020. Require the proposal to identify continuous process consumers, and provide appropriate treatment including exemption from the higher ToD rate or its application only to consumption	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			exceeding the consumer's normal round-the-clock drawal. Alternatively adopt: Zone 1 (08:00–18:00, solar hours) 80% of normal rate; Zone 2 (18:00–23:30) 150% of normal rate; Zone 3 (23:30–08:00) 75% of normal rate.	
187	19.6	**WRI India**	They submitted that, in addition to proposals for extending ToD/ToU tariffs under Regulation 19.6, the impact of the existing ToD structure should be assessed to judge whether the time zones in Regulation 3(137) and associated rates achieve demand-shifting objectives. Require Licensees to report the impact of the existing ToD structure on consumer load profiles, peak and net-peak demand, category-wise consumption by time zone, and revenue.	Noted.
188	19.6(i)	**CleanMax**	They submitted that the solar hours and ToD rebate should be decided on Kerala's own system conditions and actual cost differential, and should not be so large that it pushes up tariff in other time zones or creates cross-subsidy within the same consumer category. Specify in the Regulations the methodology for determining solar hours and the rebate/ incentive percentage, based on State-specific cost data (they estimate a cost-reflective rebate of about 6–8%).	The suggestion can be considered during the tariff determination process.
189	19.6(i)	**HT & EHT Association**	They submitted that under Regulation 19.6(i) the solar-generation and low-demand hours are to be identified by the distribution licensee, whereas their determination directly affects tariff incidence and should remain with the Commission under Section 62 of the Electricity Act, 2003, in accordance with Rule 8A of the Electricity (Rights of Consumers) Rules, 2020, which the Commission is required to follow. Delete "as may be identified by the distribution business/ licensee based on system load and generation data" and substitute "in accordance with Rule 8A of the Electricity (Rights of Consumers) Rules, 2020" in clause (i).	The solar hours and peak hours, and the ToD rates, will be decided by the Commission in the tariff order, taking guidance from Rule 8A of the Electricity (Rights of Consumers) Rules, 2020.
190	19.6(ii)	**HT & EHT Association**	They submitted that the peak hours for the higher ToD/ToU rate should be specified by the Commission, in line with the Electricity (Rights of Consumers) Rules, 2020, and should not exceed the duration of the solar hours. "(ii) a higher ToD/ ToU rate for consumption during identified peak hours/ periods as specified by the Commission, the duration of such peak hours not exceeding the duration of the solar hours so specified;"	The Electricity (Rights of Consumers) Rules, 2020 will be taken as guidance during the tariff determination process.
191	19.6(iii)	**HT & EHT Association**	They submitted that the supporting data for the ToD time-zone methodology should include the cost of supply computed at each voltage level. Add "computed at each voltage level" after "cost of supply" in clause (iii).	The suggestion may be considered at the time of tariff determination.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
192	19.7	**KSEB Engineers' Association**	They submitted that commercial and industrial consumers need time to install capacitors and improve power factor before kVAh billing is extended to new categories, to prevent sudden billing litigation. Insert a requirement for a 6-month shadow billing period prior to commercial implementation of kVAh billing for new consumer categories.	The suggestion may be considered while examining the proposal for kVAh billing in the tariff proceedings.
193	19.7	**HT & EHT Association**	They submitted that reactive power drawal is addressed by three overlapping provisions, namely kVAh billing (Regulation 19.7), the power factor incentive/disincentive (Regulations 57.10 and 57.11) and a new flat charge of 25 paise/kVArh (Regulation 76.2), whereas the 2021 Regulations provided only the voltage-linked mechanism at 10 paise/kVArh. Review Regulations 57.10, 57.11 and 76.2 and align them with Regulation 19.7 to expressly provide for the treatment of kVAh-based billing, including power-factor adjustment methodology and reactive energy charges; clarify the applicable billing unit, tariff mechanism and treatment of reactive energy for consumers under kVAh billing; apply either kVAh billing or the power factor incentive/disincentive, not both.	The mechanism applicable to each consumer category, i.e., power factor incentive/ disincentive or kVAh billing, will be decided in the tariff order based on the proposal of the licensee under Regulation 19.7, avoiding any duplication.
194	19.9	**KSEB Ltd**	They submitted that the reference to 'Regulation 59' in Regulation 19.9 is incorrect since the relevant provision on wheeling charges is Regulation 56. Correct the reference from 'Regulation 59' to 'Regulation 56'.	The cross-reference has been corrected to Regulation 56.
195	19.9	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads wheeling charges "in accordance with Regulation 59" (Subsidy). Regulation 56 (Determination of Wheeling Charges)	The cross-reference has been corrected to Regulation 56.
196	19.9	**WRI India**	They pointed out that Regulation 19.9 refers to Regulation 59 for wheeling charges, whereas Regulation 59 deals with subsidy. Refer to Regulation 56.	The cross-reference has been corrected to Regulation 56.
197	19.10	**HT & EHT Association**	They supported Regulation 19.10 and requested that it be retained, but submitted that clause (iv) requires comparison against the average cost of supply under Regulation 57.5, a single State-wide figure, which cannot show whether recategorization moves affected consumers closer to or further from the cost of serving them. Retain Regulation 19.10, modifying clause (iv) as: "(iv) a comparative statement showing the cost of supply applicable to the voltage level at which the affected consumers are supplied and tariff applicable to consumers prior to and after the proposed recategorization, and the consequential impact on cross-subsidy across categories as analyzed under Regulation	Regulation 19.10 is for the purpose of recategorisation of tariff only. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			19.4(iv), and where the cost of supply at the relevant voltage level has not been determined, the basis on which the licensee has estimated it;"	
198	19.10(iv)	**KSEB Ltd**	They submitted that the reference to Regulation 19.4(iv) is incorrect, since Regulation 19.4(v) deals with the consumer category-wise cross-subsidy statement, whereas 19.4(iv) relates to the proposed tariff schedule and justification for revision in tariff structure, tariff rates or categorisation of consumers. Correct the reference 'Regulation 19.4(iv)' to 'Regulation 19.4(v)'.	The cross-reference has been corrected to Regulation 19.4(v).
199	19.10(iv)	**WRI India**	They pointed out that Regulation 19.10(iv) refers to cross-subsidy analysis under Regulation 19.4(iv), which relates to the proposed tariff schedule. Refer to Regulation 19.4(v).	The cross-reference has been corrected to Regulation 19.4(v).
200	19.11	**Dr. Anoop Singh, IIT Kanpur**	He submitted that the design and implementation of a demand response programme should be based on detailed analysis and its economics. Require the distribution licensee to demonstrate the expected benefit ex ante and the actual benefit ex post, so that the design efficacy of the programme can be evaluated.	The same will be ensured during the prudence check.
201	19.11	**KSEB Engineers' Association**	They submitted that Regulation 19.11 permits proposals for Demand Response Programmes but lacks specific tariff incentive guidelines. Insert sub-clause: "Commercial and Industrial consumers participating in Automated Demand Response (ADR) programs who reduce demand by a minimum of 15% during peak hours upon receiving automated SLDC/ DISCOM signals shall be entitled to a 'Demand Response Rebate' equivalent to 20% of the normal energy charge for the curtailed quantum."	The incentives payable to the participating consumers are to be specified in the Demand Response Programme proposed by the licensee under Regulation 19.11, which will be examined by the Commission.
202	19.11	**WRI India**	They cited the Commission's Order in OP No. 63/2025 noting KSEBL's heavy dependence on high-cost short-term purchases for peak demand (about 19% of purchase volume at 26% of power purchase cost in 2024-25), and submitted that demand response should be mandatory given its implications for consumer tariffs. Replace "may" with "shall" in Regulation 19.11, requiring the Licensee to file a Demand Response Programme along with the MYT petition, including at least a pilot with defined measurement and verification targets.	Regulation 19.11 enables the licensee to submit the proposal for Demand Response Programme either along with the tariff petition or through a separate petition. Hence no change required.
203	19.13	**KSEB Engineers' Association**	They submitted that the basis for the Green Tariff premium is not specified. Specify that the Green Tariff premium shall be determined strictly on the incremental cost of renewable energy procurement over the average power purchase cost, excluding additional cross-subsidy surcharges, to encourage industrial/ IT adoption.	Regulation 19.13 has been modified. The premium will be determined by the Commission in the tariff order, with transparent cost allocation.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
204	19.13	**WRI India**	They pointed out that the Green Tariff provision in Regulation 19.13 is an incomplete sentence. Complete the provision to specify eligibility criteria, the basis for determining the premium with transparent cost allocation, the mechanism for tracking and retiring renewable energy attributes, and a safeguard that the green tariff imposes no cost on other consumers.	Regulation 19.13 has been modified to complete the provision.
Regulation 20 – Procedure for admission of the petition, publishing of notice, filing of suggestions, objections, hearing and Orders on the petition				
205	20.1	**WRI India**	They noted that Regulation 20.1 only refers to the procedure under the KSERC (Conduct of Business) Regulations, 2003 and does not specify a minimum period for public comments. Expressly specify a minimum period of 21 working days (or 30 days) from the date of publication of the public notice for filing objections and suggestions, applicable to all ARR and tariff, true-up and Mid-term Performance Review proceedings.	Adequate time is provided for filing objections and suggestions as per the KSERC (Conduct of Business) Regulations, 2003, and the same will be ensured.
206	20.1	**WRI India**	They submitted that, while Regulation 20.1 appropriately requires a complete petition before admission, a technical validation session to verify completeness of data and evidence (without examining merits) would improve petition quality, citing the Maharashtra tariff process experience. Institutionalise a technical validation session after filing and before the public notice to verify that the petition is complete in terms of data and evidence required to support the Licensee's claims.	The Commission has already initiated steps for automation of the processing of petitions, which will address the concern.
Regulation 21 – Adherence to the tariff order				
207	21.3	**KSEB Ltd**	They submitted that formats for the quarterly returns are not prescribed. Prescribe formats for the quarterly returns.	KSEB Ltd may suitably modify the formats in Annexure 11 and submit the data.
CHAPTER IV – FINANCIAL PRINCIPLES				
Regulation 22 – General Financial Principles				
208	22	**HT & EHT Association**	They supported Regulation 22 (general financial principles) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
209	22.2	**KSEB Ltd**	They submitted, regarding the provision that the Commission may disallow part of ARR if the entity has not exercised appropriate prudent steps, that the basis and extent of disallowance should be clarified. Clarify that any disallowance shall be based on identified imprudence attributable to the regulated entity based on provisions of the tariff Regulations, after providing reasonable	Any disallowance will be made as per the settled legal principles. Hence no modification required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			opportunity to explain the circumstances, and shall be restricted to the financial impact attributable to such imprudence.	
Regulation 23 – Financial prudence				
210	23	**HT & EHT Association**	They supported Regulation 23 (financial prudence) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
211	23.3	**HT & EHT Association**	They submitted that the proposed Regulation is silent on public consultation in deciding capital expenditure, although the real requirement of capital expenditure and time and cost overruns on capital projects have a very significant impact on tariff and consumers are an important stakeholder. Provide for public consultation on CAPEX projects above Rs. 10 crore; a mechanism to freeze the project time schedule along with CAPEX approval; and a mechanism to track progress and share the burden of cost and time overrun arising from execution delay.	A stakeholder consultation process will be conducted for approval of the Capital Investment Plan.
212	23.3(viii)	**KSEB Engineers' Association**	They submitted that part capitalization of schemes requires prior approval in the DPR, whereas transmission lines and multi-bay substations are energised in modular phases. Allow automatic part capitalization whenever a discrete sub-asset (e.g. a 220 kV bay or power transformer) is energised and put into commercial operation under Electrical Inspectorate clearance.	In case of part commissioning, KSEB Ltd may submit the details of the part of the asset put to use, with proper justification, at the time of truing up, which may be considered by the Commission.
Regulation 24 – Capital cost and capital structure				
213	24.2	**HT & EHT Association**	They submitted that while the proviso to Regulation 24.2 rightly excludes from capital cost assets not put to their intended use, the draft does not state their treatment when later put to use, and that such assets should be admitted only from the date of actual use, with no tariff recovery for the idle period. Insert (proposed as a proviso under Regulation 24.6): "Provided that where an asset excluded from the capital cost under the proviso to Regulation 24.2 is subsequently put to its intended use, its capital cost may be admitted by the Commission with effect from the date on which it is so put to use, and no depreciation, return on equity or on net fixed assets, interest on loan or carrying cost shall be allowed in respect of that asset for any period prior to that date."	This is already implied in the Regulation, since the capital cost of such assets will be admitted only when they are put to their intended use.
214	24.6	**KSEB Ltd**	They submitted that Regulation 24.6 refers to ceiling norms for initial spares in Annexure 7 whereas Regulation 24.2(ii) refers to initial-spares ceiling norms in Annexure 8, and the cross-reference requires correction.	The cross-reference has been corrected to Annexure 8.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Correct the Annexure cross-reference in Regulation 24.6.	
215	24.6	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads initial spares ceiling "specified in Annexure 7" (Guidelines for Provisional clearance of Investment schemes). Annexure 8 (Ceiling norms for the Capitalized Initial Spares)	The cross-reference has been corrected to Annexure 8.
216	24.6	**HT & EHT Association**	They pointed out that Regulation 24.6 incorrectly refers to the ceiling norms for initial spares in Annexure 7, whereas they are in Annexure 8. Replace "Annexure 7" with "Annexure 8" in Regulation 24.6.	The cross-reference has been corrected to Annexure 8.
217	24.6	**WRI India**	They pointed out that Regulation 24.6 refers to Annexure 7 for initial spares ceiling norms, whereas Annexure 7 contains capital investment guidelines. Refer to Annexure 8.	The cross-reference has been corrected to Annexure 8.
Regulation 25 – Additional capitalization				
218	25	**HT & EHT Association**	They supported Regulation 25 (additional capitalisation) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
Regulation 27 – Consumer contribution, deposit work, capital subsidy or grant				
219	27.1(ii)	**KRL**	They objected to Regulation 27.1(ii) deeming the capital cost of distribution assets of a park-developer licensee, considered in lease, rental or development charges, to be consumer contribution, submitting that it is a new substantive deeming mechanism without statutory basis that conflates commercial receipts with consumer contribution under Section 46 of the Act, wrongly makes the licensee prove a negative, has no CERC equivalent, should not apply retrospectively, and would unjustifiably reduce depreciation, RoE and ARR. Delete Regulation 27.1(ii) in its present form. Without prejudice, restrict it to cases with clear documentary evidence, modified to read: "Capital cost of distribution assets commissioned or capacity expanded on or after the first day of April, 2027, to the extent specifically financed through amounts actually collected from consumers/allottees/co-developers towards such identified electricity distribution assets or works, as established from the relevant agreements, books of account and other documentary evidence." Also add the clarification: "For avoidance of doubt, general lease premium, lease charges, rental charges, development charges or other commercial consideration received by a park developer shall not be treated as consumer contribution unless the amount was specifically collected towards and is demonstrably attributable to the identified electricity distribution asset or work." At minimum, clarify that the	The provision already exists in the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021, as amended. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			provision shall not disturb the regulatory treatment of assets and investments undertaken under the MYT Regulations applicable at the time of investment.	
220	27.1(ii)	**RPIPL**	They objected to Regulation 27.1(ii) deeming distribution asset costs of a park-developer licensee recovered through lease or other charges as consumer contribution, submitting that it is a new substantive deeming mechanism without statutory authority, presumes recovery and shifts the burden of proving a negative, conflates commercial receipts (including refundable lease premium) with consumer contribution under Section 46, has no parallel in other SERC or CERC frameworks, and would reduce depreciation, RoE and ARR, the correct test being the actual source of financing. Delete Regulation 27.1(ii) in its present form. Without prejudice, restrict it to cases with clear documentary evidence of amounts specifically collected towards identified electricity distribution assets, modified to read: "Capital cost of distribution assets commissioned or capacity expanded on or after the first day of April, 2027, to the extent specifically financed through amounts actually collected from consumers/allottees/co-developers on or after the first day of April, 2027 towards such identified electricity distribution assets or works, as established from the relevant agreements, books of account and other documentary evidence." Also add the clarification: "For avoidance of doubt, general lease premium, lease charges, rental charges, development charges or other commercial consideration received by a park developer shall not be treated as consumer contribution unless the amount was specifically collected towards and is demonstrably attributable to the identified electricity distribution asset or work."	
221	27.1(ii)	**RPIPL**	They submitted that if Regulation 27.1(ii) is intended to apply to distribution assets created and capitalised under the earlier MYT Regulations, it would retrospectively re-characterise the source of financing of historical investments made under the framework prevailing at the time, which is legally unsustainable without clear statutory authority. At a minimum, expressly clarify that the provision shall not disturb the regulatory treatment of assets and investments undertaken under the MYT Regulations applicable at the time of such investment, unless such application is specifically authorised by law.	The Regulations are clear in this regard, and the provision is already in force under the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021, as amended. Hence no change required.
222	27.1(ii)	**HT & EHT Association**	They supported the amendment made to Regulation 27.1(ii) by the Addendum dated 08.09.2026 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
223	27.1(iv)	**HT & EHT Association**	They supported the addition of the regulatory surplus at Regulation 27.1(iv) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
224	27.2	**HT & EHT Association**	They submitted that Regulation 27.2 lists only the four original funding sources and omits the regulatory surplus included in the proviso to Regulation 28.1 and Regulation 28.3, and pointed out incorrect cross-references, depreciation being in Regulation 29 (not 28) and return on equity/NFA in Regulation 30 (not 29). "(ii) Provisions for depreciation, as specified in Regulation 29, shall not be allowed to the extent of financial support provided through consumer contribution, deposit work, regulatory surplus, capital subsidy or grant; and (iii) Provisions related to return on equity share capital or net fixed assets as applicable, as per Regulation 30 shall not be allowed to the extent of financial support provided through consumer contribution, deposit work, regulatory surplus, capital subsidy or grant: Provided that the regulatory surplus referred to in Regulation 27.1(iv) shall be applied to the funding of capital works only upon a proposal filed by the licensee and approved by the Commission, and the Commission shall state in the order the amount of the surplus so applied, the works to which it is applied and the amount, if any, retained for refund to consumers."	Regulation 27.2, read harmoniously with Regulation 27.1 which includes the regulatory surplus, addresses the issues raised. The cross-references have been corrected.
225	27.2	**HT & EHT Association**	They submitted that Regulation 27.2 does not expressly exclude interest on loan capital for assets funded through consumer contribution, deposit work, capital subsidy, grant or regulatory surplus, and proposed a fourth clause consistent with the treatment prescribed for O&M, depreciation, RoE and debt-equity ratio. Insert: "(iv) Provisions related to interest on loan capital, as specified in Regulation 32, shall not be allowed to the extent of financial support provided through consumer contribution, deposit work, regulatory surplus, capital subsidy or grant."	This is addressed in Regulation 27.2(iii) read with the proviso to Regulation 28.1, under which no normative loan arises on the assets funded through consumer contribution, deposit work, regulatory surplus, capital subsidy or grant.
226	27.2	**WRI India**	They pointed out that Regulations 27.2(ii) and (iii) refer to Regulation 28 for depreciation and Regulation 29 for return, whereas these are in Regulations 29 and 30. Correct the cross-references.	The cross-references have been corrected to Regulations 29 and 30 respectively.
227	27.2(ii)	**KSEB Ltd**	They submitted that the cross-reference is incorrect since depreciation is dealt with in Regulation 29, not Regulation 28. Correct 'Regulation 28' to 'Regulation 29'.	The cross-reference has been corrected to Regulation 29.
228	27.2(ii)	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads depreciation "as specified in Regulation 28" (Debt-Equity). Regulation 29 (Depreciation)	The cross-reference has been corrected to Regulation 29.
229	27.2(iii)	**KSEB Ltd**	They submitted that the cross-reference to Regulation 29 for return on equity/NFA is incorrect. Correct 'Regulation 29' to 'Regulation 30'.	The cross-reference has been corrected to Regulation 30.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
230	27.2(iii)	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads return on equity/NFA "as per Regulation 29" (Depreciation). Regulation 30 (Return on Paid up Equity or Net Fixed Assets)	The cross-reference has been corrected to Regulation 30.
Regulation 28 – Debt - Equity ratio				
231	28	**Dr. Anoop Singh, IIT Kanpur**	He submitted that accumulated depreciation over and above the accumulated debt repayment (including repayment of normative loan) represents risk capital returned to the investor as free cash flow, which is no longer deployed in the business, and RoE should not continue to be allowed on it. Reduce the equity base eligible for RoE by the accumulated depreciation in excess of accumulated debt repayment; where such excess depreciation is reinvested in the business (e.g. for working capital), allow only the cost of funds approved for that ARR element. This approach to reduction of equity base should be made an integral part of the framework to reduce the tariff burden on consumers.	Return on equity is allowed only on the equity identified in the books of accounts of the licensee, subject to the limit of the actual paid up equity share capital, as provided in Regulation 30.1. Hence no change required.
232	28.2	**KRL**	They submitted that Regulation 28.2 deems equity in excess of 30% of approved capital cost as normative loan but makes interest on it discretionary ('may be allowed'), which is inconsistent with Regulation 32.4 providing that interest on outstanding normative loan shall be allowed at the base rate, and described this as an important amendment for KRL. Replace "interest on the same may be allowed" with "interest on the normative loan shall be allowed in accordance with Regulation 32."	Regulation 28.2 shall be read harmoniously with Regulation 28.3 and Regulation 32.
233	28.2	**RPIPL**	They submitted that once equity above 30% of approved capital cost is mandatorily deemed a normative loan under Regulation 28.2, allowance of interest should not be discretionary ('may be allowed'), and that Regulation 28.2 does not address the case of no actual loan, making it inconsistent with the mandatory base-rate provision in Regulation 32.4. Replace "may be allowed" with "shall be allowed" and clarify that interest on normative loan shall be allowed in accordance with Regulation 32, including at the base rate where there is no actual loan. Proposed wording: "The normative loan shall carry interest, which shall be allowed at the weighted average rate of interest of the actual loan portfolio of the licensee. Where the licensee has no actual loan outstanding, the interest on such normative loan shall be allowed at the base rate in accordance with Regulation 32."	
234	28.4	**WRI India**	They pointed out a drafting error in Regulation 28.4, which reads "Where the and loan employed…". Insert "equity".	The drafting error has already been corrected in the Addendum issued on 08.09.2026.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
235	28.7	**WRI India**	They welcomed the reduction of equity and normative loan on retirement or replacement of assets (Regulations 28.7 and 32.1) and submitted that consumers should not pay return on retired, replaced or fully depreciated assets. Direct Licensees to update the Fixed Asset Register regularly for retirement and replacement and to file an annual reconciliation of equity and net fixed assets on which return is claimed.	Noted.
Regulation 29 – Depreciation				
236	29.2(ii) / 29.2(iii) / Annexure 6(b)	**KSEB Ltd**	They sought clarification on the basis for the 4.22% depreciation rate for new projects, which appears drawn from the CERC Tariff Regulations, 2024 where it accompanies a 15-year initial depreciation period, whereas Reg. 29.2(ii) retains 13 years; this would defer depreciation recovery and affect cash flow and debt servicing of new projects. If 4.22% is retained, align and clearly specify the corresponding depreciation period and underlying loan-repayment assumptions; alternatively, continue the existing depreciation rate unless adequate justification for the reduction is established.	Annexure 6(b) is retained. Based on the suggestion, the provision on depreciation has been suitably modified in Regulation 104 under Chapter IX.
Regulation 30 – Return on Paid up Equity or Net Fixed Assets				
237	30.1	**Dr. Anoop Singh, IIT Kanpur**	He submitted that the CAPM cost of equity is a post-tax estimate, so grossing up a post-tax RoE by the effective tax rate is erroneous and gives excess return, citing a CER, IIT Kanpur study estimating post-tax cost of equity for conventional generation at 12.86% to 16.52%. Treat the RoE as a post-tax return and do not gross it up with tax (read with Regulation 35 – Tax on returns).	The return on equity is not grossed up for tax. As per Regulation 35, the income tax actually paid on the regulated business is allowed in the ARR, subject to prudence check. Hence no change required.
238	30.1	**FEEC**	They submitted that the proposed RoE of 14% merits reconsideration in view of the CERC Tariff Regulations, 2024, which specify 16.5% RoE for storage type hydro generating stations and 15.5% for transmission systems, and that the RoE for distribution systems should not be less than that for generation or transmission. The RoE on the equity of KSEBL shall be at least 16%.	The rate of return on equity is fixed at 14% considering the interest of the consumers. Hence no change required.
239	30.1	**InSDES**	They submitted that the specified RoE is 14%, whereas the CERC Tariff Regulations 2024 specify 16.5% for storage-type hydro generating stations and 15.5% for transmission systems, and that the RoE for distribution should not be lower than that for generation or transmission. Allow RoE on the equity of KSEB Ltd of at least 16%.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
240	30.1	**KSEB Pensioners' Association**	They submitted that the uniform RoE of 14% is inadequate for Pumped Storage Projects, considering the project risk premium recognised by CERC, and that RoE for distribution should not be lower than that allowed by CERC for generation and transmission under its 2024 Regulations. Allow RoE of 16.5%–17% for Pumped Storage Projects in line with CERC norms; RoE for distribution not to be less than that allowed by CERC for generation and transmission.	
241	30.1	**KSEB Officers' Association**	They submitted that a uniform RoE of 14% does not differentiate between businesses and technologies with materially different risk characteristics, particularly PSP/storage projects, citing CERC Tariff Regulations, 2024 base RoE of 15.5% for conventional generation and 16.5%/17% for existing/new storage-type hydro and PSP. Consider differentiated RoE; at minimum, provide a higher RoE for PSP/storage hydro consistent with national regulatory benchmarking. For standalone BESS/ESSD projects, consider a differentiated RoE reflecting their capital-intensive and technology-dependent characteristics (technology, degradation and cycling risk, replacement requirements, revenue uncertainty and evolving market mechanisms), with the rate determined after benchmarking with prevailing national regulatory practice.	
242	30.1	**KSEB Seniors Forum**	They submitted that the return on equity is specified as 14%, whereas the CERC Tariff Regulations, 2024 specify 16.5% RoE for storage-type hydro generating stations and 15.5% for transmission systems. The RoE for distribution systems shall not be less than that for generation or transmission. The RoE on the equity of KSEBL may be increased.	
243	30.1	**KRL**	They submitted that the uniform RoE of 14% appears inconsistent with the Electricity (Second Amendment) Rules, 2023, which require a reasonable RoE aligned with CERC rates (15.50% base for transmission in 2024-29) with modification for distribution risks, and that the draft does not demonstrate how 14% was arrived at. Reconsider the 14% rate and align it with the Central Government Rules; at the least, include in the Statement of Reasons a specific analysis showing how 14% satisfies alignment with CERC RoE after considering distribution risks. RoE for distribution licensees should not be lower than the reasonable return derived by applying the Electricity Rules, 2005 as amended, unless supported by a detailed risk/cost-of-capital study.	
244	30.1	**RPIPL**	They submitted that the uniform RoE of 14% appears inconsistent with the Electricity (Second Amendment) Rules, 2023, which require a reasonable RoE having regard to risk and cost of capital, aligned with CERC rates with modification for distribution risks, noting the CERC 2024-29 base RoE of 15.50% for existing transmission systems.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Reconsider the 14% rate and align it with the Electricity (Second Amendment) Rules, 2023, providing a RoE of at least 15.50% for distribution licensees in alignment with the corresponding benchmark under the Central regulatory framework.	
245	30.1	**HT & EHT Association**	They supported Regulation 30.1 (rate of return on equity) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
246	30.2	**Infopark Kerala**	They submitted that the distribution business carries comparatively higher risk in execution and maintenance of infrastructure to provide quality power supply, and that, to give thrust to investment in system modernisation, the proposed Return on Net Fixed Assets of 4.00% is not sufficient. Retain the RoNFA at 5.5%.	The return on net fixed assets has been reduced considering that the cost of capital, including interest on normative loan, is separately provided under these Regulations. Hence no change required.
247	30.2	**KDHPCL**	They submitted that the draft proposes to reduce the Return on Net Fixed Assets from 5.50% to 4% while retaining the return on equity at 14%, and that reducing one factor alone seems counter-intuitive. Adopt a more uniform approach in setting permissible returns across equity, net fixed assets and normative loans.	The differential rates of return are intended to promote investment of equity by the shareholders in the regulated business. Hence no change required.
248	30.2	**KRL**	They submitted that Regulation 30.2 reduces the return on Net Fixed Assets from 5.50% to 4.00% while RoE remains at 14%, that the expression 'not clearly identifiable' equity is undefined and lacks objective criteria, and that the reduction would significantly impact the ARR of licensees funded through a mix of equity, internal accruals and borrowings. Retain the existing rate of 5.50% on Net Fixed Assets under Regulation 30.2.	The return on net fixed assets has been reduced considering that the cost of capital, including interest on normative loan, is separately provided under these Regulations. Hence no change required.
249	30.2	**HT & EHT Association**	They supported Regulation 30.2 and requested that it be retained, but submitted that its proviso should include regulatory surplus among the sources of funds on which no return is allowed. Retain Regulation 30.2, modifying the proviso as: "Provided that the net fixed assets shall be exclusive of the assets created out of consumer contribution, deposit works, regulatory surplus, capital subsidy or grants."	Regulation 30.2 shall be read harmoniously with Regulation 27, under which no return is allowed on the assets funded through regulatory surplus.
250	30.2	**TCED**	They submitted that, as a department of Thrissur Corporation without equity share capital, TCED would be entitled only to 4% return on net fixed assets under Regulation 30.2 against 14% RoE for company-form licensees, a differential arising purely from legal form and not from any difference in capital risk or service obligations. Either (a) prescribe a higher rate of return on net fixed assets (in place of 4%) for licensees such as TCED lacking identifiable equity share capital by virtue of their statutory/municipal form, or	The Return on NFA is not directly comparable with RoE, since equity eligible for return is capped at 30% of the capital base. The balance portion is eligible for interest on loan/ normative loan alone and thus the weighted

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			(b) recognise the Corporation's capital contribution to TCED's distribution business as notional equity for the purpose of Regulation 30.1.	average cost of capital remains reasonable. Where equity is not identifiable the entire capital base becomes eligible for consideration of interest on loan/ normative loan plus the asset base further earns a return on the basis of NFA. TCED may furnish the details of the capital contribution of the Corporation in the formats provided for the Additional Disclosure Statements, which will be examined by the Commission.
251	30.3	**KPUPL**	They objected that 30.3 allows RoE/RoNFA reduction where assets created without prior approval of the Capital Investment Plan are found under-utilised or unutilised, since in industrial parks load growth depends on land allotment, construction schedules and commissioning of industries, so prudently created assets may be initially under-utilised. Temporary under-utilisation in initial years should not automatically reduce RoE, provided the licensee demonstrates that the investment was technically justified, approved/sanctioned, the asset is available for service, and under-utilisation arose due to demand not materialising as projected.	The return on the investments as per the Capital Investment Plan approved by the Commission will be allowed. The investments made without the prior approval of the Commission will be dealt with as per Regulation 30.3.
252	30.3	**KSEB Officers' Association**	They submitted that where an asset is necessary, prudently incurred, commissioned and beneficially utilised, return should not be denied or reduced merely because prior CIP approval could not be obtained owing to an emergency or unavoidable operational requirement. Do not deny return on necessary, prudently incurred and beneficially utilised assets created without prior CIP approval due to emergency/unavoidable requirements; and provide that return and interest on approved assets commence from COD even where approval of capitalisation is administratively delayed.	
253	30.3	**HT & EHT Association**	They submitted that the consequence of non-utilisation in Regulation 30.3 applies only to assets regularised after creation, so idle assets with prior approval continue to earn return for their whole life, and that unlimited case-to-case regularisation reduces the prior-approval requirement to a formality. Prescribe the consequence of non-utilisation or substantial under-utilisation in Regulation 30.3 itself so that it applies to all assets irrespective of how approval was obtained, and delete the duplicated condition in the proviso; cap capital expenditure admitted on an ex post facto basis at 10% of the total capital expenditure approved for the relevant financial year.	During the approval process of the Capital Investment Plan, the stakeholders can point out the under-utilised assets, and the Commission will approve the projects only after considering such suggestions.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 31 – Interest on Working capital				
254	31	**Dr. Anoop Singh, IIT Kanpur**	He submitted that O&M expenses include salaries and wages, which are paid at the end of the month, by which time one month's receivable is due; hence this component does not create a working capital requirement. Exclude salaries and wages from the O&M expenses of one month considered for working capital.	The O&M expenses for one month are specified considering the billing cycle and the due date for payment. Hence no change required.
255	31.2(iv)	**Dr. Anoop Singh, IIT Kanpur**	He submitted that receivables towards energy charges for working capital should reflect actual operation and not the normative availability. Compute receivables equivalent to energy charges for sale of electricity on the basis of the average PLF of the past three months instead of NAPAF.	Receivables towards energy charges is limited to the approved generation plan under the ARR of Distribution SBU of KSEB Ltd.
256	31.3(iii)	**KSEB Ltd**	They submitted that Regulation 31.3(iii) (proviso) prevents claiming of one month receivables for own generating stations, and this needs to be modified. Modify Regulation 31.3(iii) to allow one month receivables for own generating stations.	Since there is no actual cash flow in respect of supply of power by the own generating stations to the distribution business, receivables are not allowed in such cases.
257	31.6	**KPUPL**	They supported prepaid metering in principle but objected to the proviso to 31.6 disallowing interest on working capital to the extent of prepaid sales, since prepaid billing does not eliminate working capital needs for O&M, stores and spares, emergency restoration, manpower, system operation, statutory payments, metering infrastructure and AMI maintenance/cloud charges. Apply the exclusion only to the receivables component of working capital, without reducing the normative working capital attributable to O&M expenses and maintenance spares.	In such cases, the amount is already received in advance, and can be utilised for meeting expenses for such activities. Hence no change required.
258	31.6(iii)	**WRI India**	They noted that receivables are allowed at two months of expected revenue and welcomed the exclusion of prepaid sales from interest on working capital. Review normative receivables at the MPR based on the actual mix of billing cycles as smart metering, prepaid supply and monthly billing expand.	Noted.
259	31.9	**KSEB Officers' Association**	They submitted that the spread of 200 basis points over SBI one-year MCLR may not reflect the normative cost of short-term working-capital financing, compared with the CERC Tariff Regulations, 2024 benchmark of MCLR + 325 basis points, leaving a gap between actual financing cost and the amount recognised in tariff. Adopt a spread of 325 basis points or, alternatively, provide the empirical basis for adopting 200 basis points with reference to the actual short-term borrowing costs of KSEB Ltd.	The rate has been fixed after examining the prevailing loan portfolio of all the licensees. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 32 – Interest, Finance charges and Carrying cost				
260	32.5	**KPUPL**	They objected that the proviso to 32.5 reduces admissible interest on normative loans where assets are not actively used at optimum level, for the same reason that assets in industrial parks may be initially under-utilised despite prudent creation for sanctioned/expected demand. Temporary under-utilisation in initial years should not automatically reduce interest, provided the licensee demonstrates technical justification, approval/sanction, availability for service and that under-utilisation arose due to demand not materialising as projected.	The licensee may seek prior approval of the capital investment, in which case the proviso to Regulation 32.5 will not apply.
261	32.5	**KSEB Officers' Association**	They submitted that the proviso to Regulation 32.5, reducing interest on assets approved ex post facto that are under-utilised or unutilised, should distinguish between under-utilisation attributable to the licensee and under-utilisation arising from system conditions, demand variation, change in consumer profile or other factors beyond the licensee's control. Provide that interest shall not be reduced where under-utilisation arises from such uncontrollable reasons.	
262	32.6	**KSEB Ltd**	They submitted that GPF balances administered by KSEB Ltd represent amounts to the credit of employees, held against a corresponding repayment obligation, and are not free funds, so they cannot be considered an internal source of funding for a Regulatory Asset; allowing interest on GPF at actuals is acceptable. GPF balances should not be recognised as a source of funding of regulatory assets; allowance of interest on GPF at actuals as per accounts may be retained.	The Commission considers only the average GPF balance as a source of funding of the regulatory assets, and the interest on GPF is allowed at actuals. Hence no change required.
263	32.6	**KSEB Officers' Association**	They submitted that recognising the employees' General Provident Fund as a source of funding for regulatory assets exposes employees' savings to the utility's revenue gap. Provide that the GPF balance shall be fully protected, with interest at the Government-notified rate allowed at actuals, and require KSEB Ltd to maintain a funded GPF reserve on a defined schedule as the regulatory asset is liquidated by 31.03.2031.	This is only a regulatory accounting treatment. KSEB Ltd may treat the GPF as per its legal requirement.
264	32.6	**WRI India**	They noted that Regulation 32.6 recognises GPF as a source of funding regulatory assets with interest at actuals and Regulation 32.10 excludes carrying cost to that extent, and sought transparency on funding sources. Disclose the GPF amount so deployed, the interest allowed and the resulting carrying cost in the roll-forward statement; disclose year-wise the use of regulatory surplus for funding capital works under Regulation 27.1(iv).	Noted.
265	32.7	**WRI India**	They noted that Regulation 32.7 appropriately provides that refinancing costs are borne by the borrower and savings shared 2:1, but is silent on refinancing resulting in higher interest cost.	This is implied in the Regulation itself, since refinancing is permitted only to

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Add a proviso that any increase in interest cost arising from a refinancing decision shall not be passed through to consumers and interest shall be limited to the pre-refinancing weighted average rate.	reduce the interest cost. Hence no change required.
Regulation 33 – Accounting of Electricity Duty/ Other taxes				
266	33	**KPUPL**	They submitted that Electricity Duty payable under Section 3 of the Electricity Duty legislation is a statutory levy remitted by the licensee from its own funds, which it cannot avoid, defer or control; non-allowance would leave the licensee bearing the liability without recognition in ARR. Allow the actual electricity duty payable and remitted under Section 3 in the ARR, subject to verification of statutory liability and payment records, and provide for truing-up based on actual duty paid/payable to reconcile variations from provisional approval.	Noted.
267	33.5	**KSEB Ltd**	They submitted that the Company already discloses in its audited Annual Financial Statements the electricity duty collected, adjusted against Government dues and payable, and that category-wise duty demanded and collected can be identified from its books, so the requisite information is already captured.	Noted.
Regulation 34 – Treatment of terminal liabilities of employees of KSEB Limited as per the Transfer scheme notified by the Government				
268	34	**TCED**	They submitted that the Draft Regulations provide pass-through of pension/terminal liabilities of KSEB Ltd. employees through the master trust contribution mechanism under Regulation 34 and Regulation 48.1(vi), but TCED's pension liabilities arise under the municipal/government framework and are not covered by that mechanism. Provide a suitable pass-through mechanism for pension and terminal liabilities of TCED employees, on principles comparable to the Master Trust mechanism for KSEB Ltd., recognising such expenditure separately and not within the normative O&M escalation formula under Annexure 10, para 3.	The pension trust of TCED is being considered through separate proceedings.
269	34.1	**HT & EHT Association**	They submitted that Regulation 34.1 does not limit the proportion of the Master Trust contribution recoverable from consumers, whereas under the Master Trust Agreement the Government of Kerala is to fund one-third of the additional contribution and only two-thirds is a charge on the ARR. "34.1 The terminal liabilities of pensioners of KSEB Ltd and employees who were in the service of KSEB Ltd as on 31.10.2013 shall be serviced as provided in clause (iv) to (vi) of Regulation 13.1 of these Regulations for the purpose of determination of Aggregate Revenue Requirement/ truing up, subject to the condition that not more than two-thirds of the contribution to the Master Trust shall be allowed for the purpose of determination of the Aggregate Revenue Requirement	The provisions are aligned with the statutory transfer scheme notified by the State Government.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			and truing up, the balance one-third being the obligation of the Government of Kerala in accordance with the Agreement governing the Master Trust."	
270	34.2	**KSEB Ltd**	They submitted that the wording 'is being allowed as part of Operation and Maintenance expenses' implies NPS contribution is already captured in normative O&M, whereas the norms are based on 2016-17 expenditure including only Rs. 12.93 crore of NPS contribution, which has since risen to Rs. 43.65 crore in 2024-25. Modify to provide that KSEBL's contribution towards NPS 'shall be allowed based on actual contribution, over and above the normative O&M expenses'.	The base year O&M expenses already include the NPS contribution, and the O&M norms provide for business growth and inflation. Hence the NPS contribution is already covered under the normative O&M expenses.
271	34.2	**InSDES**	They submitted that Regulation 34.2 is incorrect if it implies NPS contributions are included in normative O&M, since the O&M norms were derived after deducting terminal liabilities from base-year employee cost, and that terminal liabilities of employees who joined after 31.10.2013 must therefore be allowed separately. Allow the terminal liabilities (NPS contributions) of employees who joined on or after 01.11.2013 separately in the ARR of the respective years, over and above the normative O&M expenses.	
272	34.2	**KSEB Pensioners' Association**	They submitted that Regulation 34.2, stating that NPS contributions for employees who joined KSEB Ltd on or after 01.11.2013 are "being allowed as part of Operation and Maintenance expenses", is not correct if it means these contributions are already included in normative O&M expenses. Allow the NPS contributions (terminal liabilities of employees who joined on or after 01.11.2013) separately in the ARR of the respective years, over and above the normative O&M expenses.	
Regulation 35 – Tax on returns				
273	35	**KSEB Officers' Association**	They submitted that the draft does not clarify whether the uniform RoE of 14% under Regulation 30 is a post-tax return or a pre-tax base return to which tax adjustment under Regulation 35 applies, which may create ambiguity in computing RoE, tax on RoE and their true-up. Explicitly specify whether the RoE under Regulation 30 is a post-tax return or a base return subject to tax adjustment under Regulation 35.	The Regulations provide the necessary clarity. The return on equity under Regulation 30 is the base return, and the income tax actually paid on the regulated business is allowed separately under Regulation 35.
274	35.1	**KPUPL**	They objected that Regulation 35.1 limits provisional Income Tax approval to tax on the approved return and disallows tax on efficiency gains/incentives, submitting that Income Tax is a statutory, uncontrollable liability on taxable income that may differ from regulatory return, so the difference may go unrecognised in ARR.	The provision is in line with the National Tariff Policy, 2016, and the income tax on the regulated business is allowed subject to prudence check under

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Recognise Income Tax paid/payable pursuant to statutory assessment as an uncontrollable statutory liability, with the Commission verifying the assessment, tax computation, payment and supporting records, so that only the legitimately payable tax is admitted.	Regulation 35.2. Hence no change required.
CHAPTER V – DISTRIBUTION				
Regulation 38 – Capital cost				
275	38.2	**KSEB Engineers' Association**	They submitted that in Kerala, dense population and severe land availability constraints make Right of Way issues and public opposition the major causes of delay, and field engineers should not be penalised through capital cost disallowances for socio-environmental factors outside the utility's control. Insert proviso: "Provided that delays resulting from Right of Way (ROW) disputes, land acquisition, statutory/ forest clearances, public protests, and local topographical impediments shall be categorized as uncontrollable factors outside the control of the licensee and allowed in prudence check."	As per Regulation 38.2, any increase in capital cost due to time and cost overruns will be considered by the Commission after prudence check. Delays due to factors beyond the control of the licensee will be considered on a case-to-case basis, as provided in Regulation 10.3. Hence no change required.
Regulation 39 – Capital Investment Plan				
276	39.2	**FEEC**	They submitted that the Capital Investment Plan is central to future tariff and it should be ensured that the proposed projects are the optimum projects with minimum cost for meeting objectives such as improving reliability, reducing losses, improving consumer service and ensuring safety. Add the following in Annexure 7, Part E (Evaluation of the Detailed Project Report): under E(1)(ii) Need for investment, add 'Improving/Ensuring safety of the installation/Network'; under (v) Prudence of the Investment, add a check 'whether there is a more appropriate work or more appropriate location for the work'.	All these aspects are considered during the prudence check, and the Regulations already include the necessary provisions. Hence no change required.
277	39.2	**KSEB Officers' Association**	They submitted that the present requirement for a separate DPR for KSEB Ltd distribution schemes exceeding ₹15 crore (Annexure 7, Section D) does not reflect inflation and the substantially increased scale/cost of distribution projects. Revise the ₹15 crore DPR threshold upward and index/review it periodically during the Control Period.	The threshold for submission of a separate DPR is specified in Annexure 7 based on the existing practice. The Commission may review the same, if required.
278	39.4	**KSEB Engineers' Association**	They submitted that smart meter roll-out is being implemented in phases, and restricting capex justification exclusively to Smart Meter/ AMI data during the transition will hold up essential network safety, transformer relief and line augmentation works.	The expression ‘or other available data’ in Regulation 39.4 already covers such data. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Modify to: "Identify and prioritize capital expenditure proposals based on actual data analysis derived from Smart Meter/ AMI data, field operational logs, SCADA/ DMS data, distribution transformer loading reports, and field inspection records."	
279	39.4	**KSEB Officers' Association**	They stated that the data-driven approach of identifying and prioritising capital proposals using Smart Meter/AMI data is acceptable, but submitted that it should not become a pre-condition for essential capital works where adequate Smart Meter/AMI data are not available. Clarify that Smart Meter/AMI data is not a pre-condition for essential capital works and permit the use of other technically reliable data.	The regulatory intent is clear. As per Regulation 39.4, the proposals may be based on Smart Meter/ AMI data or other available data. Hence no change required.
280	39.4	**HT & EHT Association**	They supported Regulation 39.4 (prioritisation of capital expenditure) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
281	39.4	**TCED**	They submitted that, as its smart metering/AMI is under progressive implementation, it may lack sufficient AMI data in the initial years to justify all capital proposals as required by Regulation 39.4, which could impede approval of its capital investment plan, including the smart-metering investments needed to generate such data. Confirm that, in terms of the words 'or other available data' in Regulation 39.4, conventional load-survey, SCADA, feeder-metering or other available operational data shall remain an acceptable basis for capital investment justification until TCED's AMI coverage is sufficiently mature.	
282	39.4	**WRI India**	They welcomed the prioritisation of capital expenditure based on smart meter/AMI data with project-wise justification (Regulation 39.4 and Annexure 7), the linkage of RoE and interest to prior CIP approval and asset utilisation (Regulations 30.3 and 32.5), and the check on intended benefits of capitalised assets (Regulation 23.3(ix)).	
283	39.5	**KSEB Officers' Association**	They pointed out a drafting error: the draft reads an incomplete sentence: "Capital investment plan for grid modernization projects supporting DER integration.". State the operative requirement	Regulation 39.5 has been suitably modified to provide clarity.
284	39.5	**KSEB Workers Association**	They submitted that large injection of decentralised solar requires aggressive distribution network strengthening, and that without dedicated regulatory provisions and capital allocation for network resilience the grid will face technical challenges degrading power quality. Provide dedicated regulatory provisions and capital allocation for distribution network strengthening.	Regulation 39.5 has been modified to provide for the capital investment plan for grid modernisation and network strengthening to support DER integration.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
285	39.5	**HT & EHT Association**	They supported Regulation 39.5 (prioritisation of capital expenditure) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
286	39.5	**WRI India**	They submitted that, given the growth of new loads and distributed resources, Licensees should assess the resulting distribution and transmission network requirements, and that Regulation 39.5 is currently an incomplete provision. Complete Regulation 39.5 to specify what must be filed, such as feeder- and DTR-level hosting capacity assessments and reliability-related benefits associated with such investment requirements.	The issues raised have been addressed, and Regulation 39.5 has been suitably modified.
287	39.6	**KSEB Officers' Association**	They submitted that no specific time limit is prescribed for disposal of the Capital Investment Plan by the Commission. Add a proviso requiring the Commission to dispose of the CIP within 90 days of receipt of a complete proposal; and provide an explicit ex-post facto approval mechanism for emergency/unavoidable works undertaken for restoration of supply, safety, disaster response, critical equipment failure or statutory compliance, subject to prompt reporting and prudence check.	The timelines for disposal of petitions are specified in the KSERC (Conduct of Business) Regulations, 2003, as amended from time to time.
Regulation 40 – Sales and Revenue Forecast				
288	40	**HT & EHT Association**	They supported Regulation 40 (forecasting methodology) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
289	40.1	**WRI India**	They submitted that the requirement in Regulation 40.1(i) to follow the Business-as-Usual scenario of the Resource Adequacy Plan, though welcome, may not capture demand uncertainty over five years, and that emerging loads and distributed resources should be forecast explicitly. Require Licensees to present alternative demand scenarios and explain how the chosen forecast is reconciled with them; and to submit forecasts of emerging loads (EV charging, data centres, other large consumers) and the expected impact of rooftop solar/prosumers, behind-the-meter storage, energy efficiency and demand response, with assumptions disclosed and reconciled with the RA Plan and power procurement plan.	This is addressed in the KSERC (Framework for Resource Adequacy) Regulations, 2026.
Regulation 41 – Distribution Losses				
290	41	**C. P. George**	He submitted that AT&C loss is the key index of distribution efficiency and, as per the National Electricity Policy, Tariff Policy, CEA Metering Regulations and BEE Regulations, should be	With the roll out of smart metering, the computation of T&D loss and AT&C loss

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			derived from meter and billing data through software without human intervention; the draft allows the present computation method to continue, concealing inefficiencies passed on to consumers. Require T&D loss and AT&C loss to be computed and reported from real-time metered and billing data, generated automatically without human intervention.	without human intervention will be ensured, and inaccuracies, if any, will be addressed.
291	41.1	**AKLWA**	They submitted that line losses and heavy usage are not being analysed properly and old methods continue to be followed, and that transformer settings should be modernised. Properly analyse line losses and modernise transformer settings.	The distribution licensee is required to carry out studies for the estimation of losses at different voltage levels under Regulation 41.1, which will address the concern.
292	41.1(iv)	**KSEB Ltd**	They submitted that BESS inherently involves energy loss between charging and discharging on account of round-trip efficiency (battery conversion, PCS/inverter losses, auxiliary consumption etc.), which are technological characteristics and cannot be treated as distribution-network inefficiency; this equally applies to transmission-level BESS projects. Exclude the inherent energy losses of ESS/BESS from computation of distribution/transmission losses and loss-reduction targets, accounting for them separately based on metered charging/discharging energy and the normative/approved RTE; make no disallowance under Regulation 41.3 on account of such losses; and specify the methodology for loss computation in this scenario.	The Round-Trip Efficiency of BESS is separately provided in the Regulations, and the losses of BESS are not intended to be treated as distribution losses. KSEB Ltd is expected to put in place a proper energy accounting mechanism for BESS.
293	41.1(iv)	**WRI India**	They noted that under Regulation 41.1(iv) the Licensee proposes loss reduction targets, and that higher normative losses translate directly into higher power purchase cost. The Commission should publish normative versus actual distribution loss and AT&C loss for each year of the previous Control Period alongside the proposed trajectory and clearly explain the basis for any re-basing.	The approved and actual distribution losses are examined in the truing up process and are available in the truing up orders of the Commission.
294	41.2	**KSEB Ltd**	They submitted that the provision in Regulation 41.2 on resetting of the distribution loss reduction target may lead to future litigation. Eliminate the provision for resetting of distribution loss reduction target in Regulation 41.2.	The provision is proposed based on the experience of the previous years.
295	41.2	**HT & EHT Association**	They submitted that the provisos to Regulation 41.2 permitting reset of the approved distribution loss target at truing up reverse the safeguard in Regulation 73(2) of the 2021 Regulations, and that retrospective resetting after actual performance is known defeats the purpose of fixing targets under the MYT framework. Delete both provisos to Regulation 41.2 and substitute: "Provided that the distribution loss reduction target approved by the Commission under this Regulation for a financial year of the Control Period shall not be reset at the time of truing up of the accounts of that year, and shall	This provision can be reviewed once the variations, if any, on account of metering technology upgradations and demand profile changes are stabilised.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			be the approved level of distribution loss for the purpose of Regulation 41.3 of these Regulations." Consequentially delete "/ reset" from Regulation 41.3.	
296	41.2	**WRI India**	They submitted that the proviso to Regulation 41.2 permitting reset of the distribution loss target at true-up where actual reduction deviates by more than ±20% would, in case of under-achievement, dilute the incentive for loss reduction and transfer the cost of excess losses to consumers. Permit resetting only where the deviation is demonstrably due to uncontrollable factors, with reasons recorded in the true-up order.	The provision is proposed based on the experience of the previous years, and any reset of the target will be made only after prudence check.
297	41.3	**KSEB Ltd**	They submitted that BESS act as load while charging and as generation while discharging, and round-trip efficiency losses inherently create missing energy units which, under the distribution loss provision, would be wrongly captured as technical line losses, inflating the utility's loss figures and triggering unfair financial penalties. Decouple energy consumed for storage charging from standard network loss computation and track it under a separate accounting loop.	The Round-Trip Efficiency of BESS is separately provided in the Regulations, and the losses of BESS are not intended to be treated as distribution losses. KSEB Ltd is expected to put in place a proper energy accounting mechanism for BESS.
298	41.3	**Infopark Kerala**	They submitted that the proposed regulation provides for sharing of gains due to reduction of distribution loss between the utility and consumers in the ratio 2:1, while losses are to be absorbed by the utility alone, and that such a sharing proportion is not prudent. Revise the provision to provide for sharing of losses as well, in the same manner as sharing of gains.	Distribution loss is a controllable parameter, and hence sharing of losses is not intended.
299	41.3	**KSEB Pensioners' Association**	They submitted that the cost of power purchase corresponding to excess distribution loss is disallowed at the average power purchase cost, whereas unexpected distribution losses may arise from the changing consumption pattern of solar consumers. Provide an allowance for unexpected distribution losses caused by the consumption behaviour of solar prosumers.	This is already addressed under Regulation 41.2, which provides for resetting of the loss reduction target during truing up.
300	41.3	**RPIPL**	They submitted that Regulation 41.3, which disallows the entire excess power purchase cost for losses above the approved level and shares savings 2:1 in favour of the licensee, is contrary to the Electricity (Second Amendment) Rules, 2023, under which gains are shared two-thirds to consumers and losses borne two-thirds by the licensee. Redraft Regulation 41.3 to strictly comply with the Electricity Rules: Gain – Consumer : Licensee = 2 : 1; Loss – Licensee : Consumer = 2 : 1.	The sharing of losses under the Rules, which is taken as guidance, is intended to address the cases of licensees with high losses. The distribution licensees in the State are among the best performing in terms of distribution loss, and hence such relaxation is not required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
301	41.3	**FACT**	They submitted that round-trip efficiency losses within utility-owned storage assets are a hardware constraint, not an operational failure, and should not be clubbed with line losses so as to trigger disallowance of power purchase cost. Explicitly segregate storage round-trip efficiency losses from distribution losses for loss reduction targets.	The Round-Trip Efficiency of BESS is separately provided in the Regulations, and the losses of BESS are not intended to be treated as distribution losses. KSEB Ltd is expected to put in place a proper energy accounting mechanism for BESS.
302	41.3(i)	**KSEB Ltd**	They submitted that internal generation should also be considered for computing the average cost of power purchase. Consider internal generation also in computing the average cost of power purchase.	The disallowance relates to the quantum of power purchased corresponding to the excess loss, and hence the average cost of power purchase is considered. Hence no change required.
303	41.3(i)	**Dr. Anand S R**	He submitted that actual distribution loss is likely to increase due to proliferation of rooftop solar PV, which comes up faster than DISCOMs can augment the network after capital investment approval, and that plainly denying such claims may lead to rejection of genuine DISCOM arguments. Reconsider disallowance of part of power purchase cost in such cases as it is beyond the control of the DISCOM, with the DISCOM being asked to produce evidence to that effect.	This is a settled position in law. Hence no change required. However, in view of unprecedented changes in demand profile, provision for resetting the target has been introduced.
304	41.3(i)	**InSDES**	They submitted that actual distribution loss is likely to increase due to proliferation of rooftop solar PV, which increases peak loading and comes up faster than DISCOMs can augment the distribution system after obtaining capital investment approval. Reconsider the disallowance of part of the power purchase cost in such cases.	This is a settled position in law. Hence no change required. However, in view of unprecedented changes in demand profile, provision for resetting the target has been introduced.
305	41.3(i)	**KSEB Officers' Association**	They submitted that the disallowance of power purchase corresponding to excess distribution loss should apply only to the portion of excess loss demonstrably attributable to controllable factors within the reasonable control of the distribution licensee. Before applying the disallowance, the Commission should separately examine uncontrollable/system-related causes, and limit disallowance to the controllable portion of the excess loss.	The provision for resetting the loss reduction target under Regulation 41.2 adequately addresses the concern.
Regulation 42 – Norms for Operation				
306	42.1 & 42.2	**Infopark Kerala**	They referred to the requirement that the distribution licensee make necessary and sufficient arrangements to ensure 24x7 electrical power supply throughout the year in its area of supply,	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			and submitted that unforeseen events such as grid failure, lack of sufficient power available with generators and severe weather conditions should be treated as force majeure. Modify the clause to treat unforeseen events such as grid failure, insufficient power available in generators, severe weather conditions etc. as force majeure.	
307	42.1	**KSEB Engineers' Association**	They submitted that absolute 100% continuous supply is technically unachievable in physical power networks, owing to essential maintenance outages, monsoon storms, lightning and severe weather common in Kerala. Modify to: "The distribution business/ licensee shall make all reasonable efforts to ensure uninterrupted supply, subject to scheduled maintenance, grid safety requirements, extreme weather events, and transmission constraints."	Noted.
308	42.3	**KSEB Ltd**	They submitted that the separate gross availability methodology (70%/30% base/peak weightage) duplicates the KSERC (Framework for Resource Adequacy) Regulations, 2026 and may result in inconsistent assessment of resource adequacy, and that peak-load availability under Regulation 42.3(iii) is likely to be affected by ISTS transmission constraints beyond the utility's control. Delete/reconsider the separate gross availability methodology (including clause 42.3(iii)) and instead require the Distribution Licensee to maintain adequate power availability and procure power in accordance with the approved Resource Adequacy Plan and RA Regulations, including rolling revisions.	The Resource Adequacy Plan is for estimation of the requirement, whereas Regulation 42.3 is for computation of the actual availability of electricity. Hence no change required.
309	42.3	**InSDES**	They submitted that peak-load availability under Regulation 42.3(iii) may be affected by ISTS constraints and dependence on DAM/RTM owing to variable weekly demand, beyond the DISCOM's control, and that retaining the penalty under 42.3 and 42.4 may push the DISCOM towards costly firm contracts, increasing tariffs. The regulation may be considered for revision.	Sufficient tools are available in the market for short-term procurement to meet emergency conditions. The optimality of power procurement will be examined by the Commission.
310	42.3	**WRI India**	They noted that the availability metric in Regulation 42.3, which penalises RoE for under-achievement (42.4), is computed from MW generated and contracted against base and peak load. Align the metric with the RA framework by using dependable or capacity-credit-adjusted capacity rather than contracted capacity, capture net-peak (evening) availability explicitly, and report actual load restrictions or unserved energy alongside.	This is already provided in the Regulations, and the details will be examined during the truing up process.
311	42.4	**KSEB Ltd**	They submitted that actual availability of contracted power depends on factors beyond the licensee's control (generator outages, transmission constraints, hydrology, RE variability, grid	Sufficient tools are already available in the market to meet emergency conditions. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			conditions, force majeure), and reducing RoE/RoNFA by 0.1% for every 1% under-achievement may penalise the licensee even after complying with the approved RA Plan. Delete/reconsider Regulation 42.4.	
312	42.4	**Dr. Anand S R**	He submitted that, owing to variable weekly demand and ISTS transmission constraints, peak-hour purchases through DAM/RTM may not materialise for reasons beyond the DISCOM's control, and that retaining Regulations 42.3 and 42.4 would encourage the DISCOM to forgo optimal power purchase and depend on costly firm contracts. Regulation 42.4 (along with 42.3) may be considered for revision.	The optimality of power procurement will be examined by the Commission, and the cost will be passed on thereafter.
313	42.4	**Infopark Kerala**	They referred to the provision reducing the rate of return on equity or on NFA by 0.1% for every one percent under-achievement in gross availability of electricity for supply, and submitted that, while the licensee remains committed to providing uninterrupted, high-quality power, the imposition of financial penalties fails to consider systemic, structural and force majeure challenges.	The gross availability under Regulation 42.3 is computed based on the electricity generated and contracted by the licensee to meet the base load and peak load, and not on the basis of interruptions in supply. Hence the concern regarding systemic and force majeure events does not arise. Considering the public interest, the provision needs to be retained.
314	42.4	**KSEB Officers' Association**	They submitted that since the proposed 100% supply obligation depends on the performance of the entire electricity supply chain, an uncapped reduction of 0.1% in RoE/NFA for every 1% under-achievement in gross availability could expose the Distribution Business to a financial consequence disproportionate to events actually attributable to it. Determine gross availability based only on interruptions attributable to the Distribution Business and within its reasonable control, excluding power procurement failure, SLDC/RLDC-directed load shedding, system emergencies, force majeure, natural calamities and outages attributable to other licensees or external agencies (subject to verification and certification); and expressly cap the maximum annual financial disincentive, at a ceiling comparable in scale with the maximum performance incentive under Regulation 51.	Considering the public interest, the provision needs to be retained.
Regulation 43 – Power Procurement Plan				
315	43	**KSEB Officers' Association**	They submitted that the proposed Resource Adequacy-based power procurement framework is a significant and necessary development.	Noted.
316	43.1	**WRI India**	They welcomed the alignment of the sales forecast, power procurement plan and PPA approval with the KSERC (Framework for Resource Adequacy) Regulations, 2026, but submitted that, as	This is covered under the KSERC (Framework for Resource Adequacy)

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			power purchase is the largest ARR component, RA planning assumptions should be scrutinised in the MYT process and the RA plan approval combined with it. Mandate Licensees to submit their full RA plan with all inputs and assumptions as part of the MYT process and combine RA plan approval with the MYT process; require a statement in RA formats covering seasonal peak and net-peak demand forecasts, resource-wise dependable capacity (including hydro under dependable and dry-year conditions), Planning Reserve Margin, capacity credit assumptions (whether CEA methodology used), resource-wise contribution to peak/net-peak, adequacy under critical conditions, contribution of storage, market purchases, banking/swap and demand-side resources, and residual adequacy gaps with mitigation; ensure consistency of RA Plan and MYT petition assumptions and align Annexure 11 power purchase formats with the RA framework.	Regulations, 2026, and the RA Plan will be the basis for the ARR.
317	43.3	**KSEB Ltd**	They submitted that the tenure classifications in Regulation 43.3 differ from those in the KSERC (Framework for Resource Adequacy) Regulations, 2026 (long-term 7 to 25 years; medium-term 1 to 7 years), creating inconsistency in procurement planning, approval and RA compliance since the Power Procurement Plan is to be based on the RA Plan. Adopt in Regulation 43.3 the same tenure definitions as specified in the RA Regulations, 2026.	Regulation 43.3 has been aligned with the KSERC (Framework for Resource Adequacy) Regulations, 2026.
318	43.4(ii)	**WRI India**	They welcomed the monthly demand forecasts by time zone with source-wise costs (43.4(ii)), daily compilation and publication of rooftop solar generation data (43.8), and monthly time-block-wise reporting of procurement, consumption and surrender of power (45.6), as well suited to a system with growing variable renewable energy and prosumer participation.	Noted.
319	43.4(vii)	**TCED**	They submitted that the draft requires an RE and DER integration plan to meet or exceed RPO/RCO targets (Regulation 43.4(vii)) without any differentiated trajectory for small licensees, whereas TCED, as a compact urban licensee, has significantly limited scope compared to KSEB Ltd. to procure or facilitate large-scale RE. Confirm, in the final Regulations or by cross-reference to the RE regulations, that small distribution licensees such as TCED shall be entitled to a suitably phased or proportionately lower RPO trajectory and/or compliance flexibilities such as banking of excess renewable purchase or purchase of RECs.	These Regulations shall be read harmoniously with the applicable Renewable Energy Regulations in force, which provide for RPO compliance.
320	43.5(iii)	**KSEB Ltd**	They submitted that for short-term procurement to meet unforeseen demand-supply variations and optimise power purchase cost, the Distribution Licensee should be permitted to procure power from available sources, including MoP additional allocation, where economical and in consumers' interest.	Sufficient flexibility for short-term procurement has been provided in the Regulations.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Allow such short-term procurement without prior approval of the Commission, subject to the licensee filing details (quantum, rate, necessity and cost-benefit) before the Commission within 15 days of procurement for approval/ratification.	
321	43.5(iii)	**Dr. Anand S R**	He submitted that the last sentence of Regulation 43.5(iii) is restrictive and misguiding and presumably applies only to long-term and medium-term contracts, and that for short-term and real-time scheduling, flexibility to take power from any source cheaper than the average procurement cost, in line with SCED principles, would reduce power procurement cost. Limit the requirement to long-term and medium-term contracts; permit short-term (not exceeding 2 weeks) procurement for contingencies with subsequent approval; and, to ensure due diligence, require a monthly self-certificate from SLDC that "All possible cheaper sources of power, subject to technical constraints, has been utilized in meeting the demand".	
322	43.5(iii)	**InSDES**	They submitted that the last sentence of Regulation 43.5(iii), requiring formal Commission approval before drawing power from any new source, appears restrictive and misleading and presumably applies only to long-term and medium-term contracts, as flexibility in short-term and real-time scheduling to take cheaper power would reduce procurement cost. Clarify that the requirement applies only to long/medium-term procurement and allow flexibility for short-term and real-time procurement.	
323	43.5(iv)	**Dr. Anand S R**	He submitted that other OTC platforms should also be covered along with power exchanges. Include "other OTC platforms" along with power exchanges.	The same may be considered after examination of robustness of their price discovery mechanism and relevant legal aspects.
324	43.5(iv)	**InSDES**	They suggested that other OTC platforms be referred to along with power exchanges. Add "Other OTC platforms" along with power exchanges.	
325	43.8	**KSEB Ltd**	They submitted that the rooftop solar RE generation meter is not necessarily a communicating meter integrated with the licensee's AMI, and as part of generation is consumed behind the meter, gross solar generation cannot be derived from the prosumer smart meter, which measures only injection and drawal. Restrict the requirement under Regulation 43.8 to time-block-wise injection and drawal data available from prosumer smart meters; require gross rooftop solar generation data only where suitable communicating generation meters/approved data acquisition arrangements are available.	The actual details need to be monitored. Any alternative arrangement including the national platform under development may be considered by KSEB Ltd and may submit suitable proposals before the Commission for monitoring.
326	43.8	**Dr. Anand S R**	He submitted that the technical feasibility of obtaining time-block wise generation data from prosumers' RTPV plants may be analysed and reviewed, and that small distribution licensees	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			should be enabled to forecast their control area demand and inform KSEBL for consideration in annual/ day-ahead/ real-time forecasts as part of scheduling optimisation. Add: "All DISCOMs shall prepare an action plan for such data integration and its effective use in power procurement. KSEBL may take lead in preparing a road map within a period of three months for implementation along with the ongoing smart meter implementation project." Also provide for small distribution licensees to submit control-area demand forecasts to KSEBL, with the time frame for such submission to be finalised by SLDC, KSEBL and DISCOMs.	
327	43.8	**InSDES**	They submitted that the technical feasibility of obtaining time-block wise generation data from rooftop PV plants of prosumers needs to be analysed and reviewed. Analyse and review the technical feasibility of the requirement.	Any issue arising at the time of implementation can be examined appropriately.
328	43.8	**WRI India**	They noted that Regulations 19.4(iii) and 43.8 require tariff-category-wise prosumer/captive injection and drawal data by time zone and daily compilation of rooftop solar generation data. Publish such data in aggregated form each month; require filing and publication of the methodology for estimating consumption for defective or unmetered connections, with the Commission not accepting estimated sales in the absence of such detail.	Noted.
Regulation 44 – Approval of Power Purchase Agreement				
329	44.1	**Dr. Anand S R**	He submitted that immediate short-term purchase may be needed in an exigency such as an outage of a contracted/ own generating unit, typically for a couple of weeks, and referred to Regulations 45.1 and 45.2 and to the comments on Regulation 43.5(iii). Delete "short term" or specify it as "short term purchase for a duration more than one month".	Regulation 44.1 shall be read with Regulation 45.5.
330	44.1	**InSDES**	They submitted that immediate short-term purchase may be needed in exigencies such as an outage of a contracted or own generating unit, typically for a couple of weeks. Delete "short term" or specify it as "short term purchase for a duration more than one month".	
331	44.3	**Dr. Anand S R**	He submitted that specifying 120 days for medium-term power purchase may not be prudent, as medium-term procurement may become attractive due to load-generation imbalance caused by contingencies. Restrict the 120-day requirement to long-term and medium-term purchases planned as per the annual load-generation balance prepared by the DISCOM.	The time limit for filing of the proposal for medium-term procurement has been modified.
332	44.3	**InSDES**	They submitted that specifying 120 days for medium-term power purchase may not be prudent, as medium-term procurement may become attractive due to load-generation imbalance caused by contingencies.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Consider revising the 120-day requirement.	
333	44.3	**KSEB Seniors Forum**	They submitted that the 120-day advance filing requirement for medium-term power procurement proposals under Regulation 44.3 may not be justifiable, as medium-term procurement may cover shorter durations of above 3 months but less than 1 year. The 120-day advance filing requirement for medium-term power procurement may be reviewed.	
334	44.4	**KSEB Workers Association**	They submitted that competitive procurement should be a flexible option rather than a rigid mandate, as KSEB Ltd needs operational autonomy to balance its procurement portfolio against market fluctuations, and rigid constraints could raise power procurement costs. Make competitive procurement optional rather than mandatory.	Regulations provide sufficient flexibility to the licensees.
335	44.4(i)	**KSEB Engineers' Association**	They submitted that strict reliance on the approved Resource Adequacy Plan could prevent utilities from taking immediate corrective procurement action during localised extreme weather events or sudden demand spikes. Add proviso: "Provided that during unexpected demand spikes or unforeseen delays in existing generating capacity addition, temporary procurement outside the approved Resource Adequacy Plan may be allowed subject to post-facto ratification within 30 days."	Regulation 44.4(i) shall be read harmoniously with Regulation 45.5.
Regulation 45 – Short- term power procurement				
336	45	**WRI India**	They noted that Regulation 45 does not specify any limit on the share of short-term procurement. Require the Commission's prior approval for short-term procurement beyond the share envisaged under the KSERC RA Regulations, 2026 (or a threshold specified in the MYT Regulations); the ceiling should not be absolute where exceeding it demonstrably lowers overall power purchase cost, in which case it may be exceeded without prior approval subject to year-end review and verification of claimed savings.	Addressed in the Resource Adequacy Regulations.
337	45.3	**Dr. Anand S R**	He submitted that strict directions on power procurement dissuade the utility from exploiting market conditions, including sale of power when market rates are high, that OTC platforms occasionally offer lower-cost sources than the DEEP platform, and that SCED principles can be adopted in Kerala to reduce power procurement expenditure. Include reference to OTC platforms, and mandate SLDC to explore SCED whenever possible.	SCED is operational in accordance with CERC stipulations.
338	45.3	**InSDES**	They submitted that strict directions dissuade the utility from optimising cost through market opportunities, including sale of surplus power at high rates, that OTC platforms occasionally offer cheaper sources, that SCED principles can be adopted in Kerala, and that HP-DAM has occasionally settled below DAM and has corridor priority.	The concern has been considered, and Regulation 45.3 has been suitably modified.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Include reference to OTC platforms; mandate SLDC to explore SCED wherever possible; instead of a blanket ban on HP-DAM, prescribe a ceiling price for procurement, say Rs 15 per time block, limited to 3-4 time blocks a day.	
339	45.3	**KSEB Officers' Association**	They submitted that during a genuine shortage the high-price segment of the exchange may be precisely the market in which additional power is available, and excluding that segment means KSEB Ltd may not be able to procure power even when technically available unless it seeks another regulatory route. Reconsider the blanket exclusion of the high-price segment and permit procurement from it where necessary to meet an established power shortage or system requirement, subject to the applicable CERC price ceiling and prudence review; and where the contingency continues beyond seven days, allow KSEB Ltd to continue procurement after intimation to the Commission, with justification, quantum, price and duration submitted for subsequent prudence review, instead of making prior approval a condition for continued procurement.	
340	45.3(i)	**Dr. Anand S R**	He submitted that, as per publicly available newsletters, HP-DAM settlement has on a few occasions been below the DAM settlement rate, and that HP-DAM has priority in corridor allocation in congested corridors. Instead of a blanket ban on HP-DAM, prescribe a ceiling price for procurement, say Rs.15 per unit per time block, limited to 3-4 time blocks a day.	
341	45.3(i)	**KSEB Engineers' Association**	They submitted that categorically prohibiting the high-price segment of the exchange can jeopardise grid stability or force rotational load shedding during acute shortages when lower-segment power is unavailable. Allow procurement in the High Price Segment without prior approval, up to a specified ceiling (e.g. 3% of peak daily requirement), strictly during grid emergency warnings or forced outages.	
342	45.3(ii)	**KSEB Engineers' Association**	They submitted that Term Ahead Market purchases without prior approval are restricted to 7 days, and seeking prior approval for purchases between 7 and 30 days during peak summer creates procedural delays that risk load shedding or reliance on expensive real-time market segments. Extend TAM procurement without prior approval to up to 30 days during summer months (February–May) or contingency hydro-deficit periods, subject to post-facto intimation within 7 days.	
343	45.4	**HT & EHT Association**	They submitted that Regulation 45.4 newly permits energy banking or swapping arrangements with other licensees without any approval, reporting, return ratio, pricing or accounting discipline,	Regulation 45.4 shall be read harmoniously with Regulation 45.5,

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			although such arrangements affect the power purchase quantum and cost recovered from consumers. Add provisos: "Provided that such energy banking/ swapping arrangements shall be permitted only where the net outcome of such transactions results in a net benefit to the distribution business/ licensee: Provided further that the licensee shall submit all necessary justification with documentation to support the claim of net benefit at the time of true-up, and a Banking/ Swapping passbook shall be maintained and submitted to the Commission at the time of true-up for the respective year: Provided also that a Banking/Swapping passbook shall be maintained by the distribution business/licensee and submitted to the Commission at the time of true-up for the respective year, in order to reconcile the quantum of energy returned in different years with the quantum of energy banked/swapped."	which already requires the approval of the Commission.
344	45.5	**KSEB Officers' Association**	They submitted that there is an apparent ambiguity between Regulation 45.3, which requires prior approval where a contingency is expected to continue beyond seven days, and the proviso to Regulation 45.5, which permits a contingency procurement arrangement to be entered into first and the approval petition filed within fifteen days. Provide that in a genuine contingency, procurement may continue beyond seven days, subject to applicable market regulations and price ceilings, with details submitted to the Commission within fifteen days for post-facto prudence review.	The Regulations already provide clarity in this regard. Hence no change required.
345	45.6	**WRI India**	They submitted that the draft does not explicitly address curtailment and Regulation 45.6(vii) requires reporting only of surrender of power under PPAs; curtailment affects RE generators, RPO compliance, transmission planning, storage procurement and system costs, and should be an informed decision based on proper forecasting. Expand disclosure under Regulations 43 and 45.6 to require source-wise, hourly reporting of backing down with reasons (technical and commercial), distinguishing RE curtailment from backing down of conventional generation, in MYT and true-up formats; and require the power procurement plan to disclose historical RE curtailment, hourly forecast curtailment for each year based on RA scenarios and production cost modelling, major causes (transmission, flexibility/inertia constraints, operational restrictions), and proposed flexibility measures (transmission augmentation, storage, demand-side measures).	The Ministry of Power, on 25th October, 2021, has notified the Electricity (Promotion of Generation of Electricity from Must-Run Power Plant) Rules, 2021, which mandate that renewable energy projects, including but not limited to wind, solar, wind-solar hybrid and hydropower sources, shall be considered as must-run power plants. Further, as per the Grid Code, i.e., the CERC (Indian Electricity Grid Code) Regulations, 2023, RE power has must-run status. Hence RE power is not curtailed in the State.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 46 – Power Purchase Quantum and Cost				
346	46	**WRI India**	They welcomed the requirement that approved power purchase cost be net of expected revenue from sale of surplus power (Regulation 46.3), and sought further reporting at true-up and MPR so the Commission can evaluate whether cheaper sources were backed down while surplus remained unsold. Require reporting at true-up and MPR of all revenue from surplus sale adjusted against power purchase cost; quantities, rates and valuation of banking/swap energy (Regulation 45.4) including energy returned and its cost; reserve shutdown, backing down, surrender and surplus sale details in true-up formats; and the Licensee's surplus management policy.	Noted.
347	46.4	**KSEB Officers' Association**	They submitted that the Regulations should provide a clear and symmetrical framework for treatment of hedging-related gains and losses. Provide a clear and symmetrical framework for treatment of hedging-related gains and losses.	KSEB Ltd may submit a framework for hedging before the Commission for approval.
348	46.5	**KSEB Officers' Association**	They submitted that Regulation 46.5 proposes retention of only one-third of net savings in power purchase cost by the utility, whereas Regulation 12.1 provides for two-thirds of controllable gains to be retained by the utility and one-third passed to consumers. Make Regulation 46.5 consistent with the general principle of gain sharing under Regulation 12.1.	This is a special incentive to encourage the licensee to bring down the cost of power purchase. Hence no change required.
349	46.5	**HT & EHT Association**	They submitted that Regulation 46.5 allows the licensee to retain one-third of net savings in power purchase cost, although power purchase is an uncontrollable pass-through trued up on actuals via FPPAS with no share of excess borne by the licensee, and hence no retention mechanism should apply. Delete the second sentence of Regulation 46.5 ("The Commission may allow the distribution licensees to retain one-third of the net savings in overall cost of power purchase from the approved level ... after prudence check.").	
350	46.5	**WRI India**	They submitted that savings under Regulation 46.5 may arise from factors outside the Licensee's efforts, such as lower market prices, better hydrology or cost changes already passed through via FPPAS, so consumers may pay an incentive for gains they would have received anyway. Specify how savings attributable to the Licensee's own actions (portfolio optimisation, contract renegotiation, improved scheduling) will be separated from other gains and how the incentive interacts with the FPPAS true-up; further, until the regulatory asset is fully recovered, savings from controllable factors should be offset against it.	These aspects will be examined during the prudence check in the truing up process.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 47 – Collection Efficiency				
351	47.1	**WRI India**	They sought publication of the separate disclosure of billing, collection and outstanding dues of Government consumers under Regulation 47.1. Publish such disclosure along with a trajectory for reducing Government dues; consider virtual net-metering as a way of limiting collection losses.	Revenue is considered on accrual basis, and collection efficiency is used as a performance parameter.
352	47.2 & 47.3	**KSEB Engineers' Association**	They submitted that setting a generic State-wide collection target does not account for demographic disparities in recovery rates across distribution zones. Incorporate a floor target (e.g. minimum 98.5%) and differentiate targets across urban, rural and hilly area consumer segments.	The target will be specified as part of the ARR for the licensee as a whole. KSEB Ltd may internally segregate the target for urban and rural areas.
353	47.5	**WRI India**	They noted that Regulation 47.5 requires approval of an AT&C loss trajectory and Regulation 10.2(x) treats collection efficiency as controllable, but the only explicit consequence in Chapter V relates to distribution loss (Regulation 41.3). Specify how shortfalls or gains in collection efficiency relative to the approved target will be treated at true-up.	Collection efficiency is specified as a performance parameter, in accordance with the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025.
Regulation 48 – Components of Aggregate Revenue Requirement				
354	48.1	**KSEB Ltd**	They submitted that Cross Subsidy Surcharge and Additional Surcharge are receipts of the Distribution Licensee and cannot be 'items of expenditure' comprising ARR, and that the rationale for including them and provisioning for trade receivables as ARR components is not clear. Clearly specify the treatment of these items in ARR; if the receipts are to be adjusted against ARR, provide them separately under an appropriate receipt/revenue head rather than under Regulation 48.1 as expenditure; and clarify the rationale and accounting/regulatory treatment of provisioning for trade receivables and CSS/Additional Surcharge receipts.	The receipts on account of cross subsidy surcharge and additional surcharge are now considered under Regulation 54, and Regulation 48.1(xiv) has been deleted.
355	48.1	**TCED**	They welcomed the uniform list of sixteen ARR heads under Regulation 48.1 but submitted that uniform classification does not ensure uniform outcome, as the master trust contribution head has no corresponding mechanism for TCED and the return on equity/net fixed assets head yields a materially lower outcome for TCED. Examine each ARR head to ensure that the benefit intended to be conveyed is, in substance and not merely in form, made available to TCED as well.	Regulation 48.1 will be applied to the extent applicable to the licensee.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
356	48.1(vi)	**KSEB Engineers' Association**	They submitted that pension obligations to retired employees are statutory commitments under the unbundling/ re-vesting framework and must be fully secured in the ARR to prevent default by the Trust. State explicitly: "Full contribution to the Master Trust, including actuarial liability requirements, interest on Master Trust bonds, and deficit funding requirements, shall be allowed as an uncapped pass-through expenditure in the ARR."	Regulation 48.1(vi) shall be read harmoniously with Regulation 13.
357	48.1(xiv)	**HT & EHT Association**	They submitted that Regulation 48.1(xiv) includes 'Provisioning of trade receivables' in addition to actual write-off of bad debts under clause (xi), thereby allowing the same cost twice. Delete clause (xiv) "Provisioning of trade receivables" from Regulation 48.1.	Regulation 48.1(xiv) has been deleted.
358	48.1(xiv)	**WRI India**	They noted that the ARR includes both actual write-off of bad debts (48.1(xi)) and provisioning of trade receivables (48.1(xiv)), read with Regulation 53, which may result in double recovery. Clarify how double recovery will be avoided, including the treatment of provisions later written off or reversed.	
359	48.1(xv)	**HT & EHT Association**	They submitted that clauses (xv) and (xvi) of Regulation 48.1 list receipts from cross-subsidy surcharge and additional surcharge among items of expenditure, although Regulation 60.4 requires those receipts to be deducted from the ARR. Place clauses (xv) and (xvi) (receipts on account of cross subsidy surcharge and additional surcharge from open access consumers) under a 'Less:' heading so that they are shown as deductions from the ARR.	Regulation 48.1 has been modified, and the receipts on account of cross subsidy surcharge and additional surcharge are now included under other income in Regulation 54.
360	48.1(xv)	**WRI India**	They pointed out that Regulations 48.1(xv) and (xvi) list cross-subsidy surcharge and additional surcharge receipts as items of expenditure. Move them to deductions under Regulation 48.3, consistent with Regulation 60.4.	
Regulation 50 – Operation and Maintenance expenses				
361	50	**KSEB Ltd**	They submitted that adopting the FY 2024-25 trued-up O&M as base and projecting it through inflation parameters may not provide for new recurring O&M expenditure arising from new assets, technologies and system requirements introduced after the base year. Provide that legitimate incremental O&M expenditure arising from new activities/assets and technological or statutory requirements introduced after the base year – including O&M of AMI/smart metering infrastructure, data centres, IT/OT systems, communication infrastructure, cybersecurity, software/cloud services, system integration and other new technology deployments not forming part of base-year O&M – shall be allowed over and above the normative O&M expenses, subject to prudence check.	With the adoption of new technologies, the expenses under the conventional heads of O&M are generally expected to reduce. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
362	50 / Annexure 10	**KSEB Ltd**	They examined the O&M parameters (consumers 30%, energy handled 30%, DTR MVA 40%) and found them relevant, with DTR MVA preferable to number of DTRs, though O&M does not vary proportionately with energy handled and HT/LT line length is not separately represented. They supported retaining the three-parameter methodology. Retain the three-parameter methodology (consumers 30%, energy handled 30%, DTR MVA 40%), but keep the adequacy of the parameters under review during the Control Period, particularly if significant divergence arises between the growth of the parameters and the physical extent and operational requirements of the distribution network (while recognising the relevance of HT/LT line length).	Noted.
363	50 / Annexure 10	**KSEB Ltd**	They submitted that energy sold outside the State during surplus periods is not considered in the energy-handled parameter despite the substantial operational effort involved in power optimisation, and that the FY 2024-25 energy handled of 31,403 MU wrongly includes 21.96 MU of substation auxiliary consumption, which is not energy supplied to consumers. (i) Determine the base-year energy-handled parameter after excluding substation auxiliary consumption of 21.96 MU from the FY 2024-25 figure of 31,403 MU, and duly consider the treatment of external sales; (ii) specifically define 'energy handled' in the Regulations, including the basis of computation and treatment of energy relating to external sales and other power optimisation activities.	No additional cost is incurred by KSEB Ltd for external sales, and hence the same cannot be considered.
364	50 / Annexure 10	**KSEB Ltd**	They submitted that the application of the efficiency factor requires clarification with reference to the Control Period, which runs from FY 2027-28 to FY 2031-32; the factor should not be applied on the years preceding the Control Period. The efficiency factor may commence from FY 2027-28, the first year of the Control Period, and be applied consistently over the five years FY 2027-28 to FY 2031-32.	Annexure 10 has been modified so that the efficiency factor is applied from FY 2027-28, the first year of the Control Period.
365	50 / Annexure 10	**KSEB Engineers' Association**	They submitted that the compounding efficiency factor (ei = 0.20 × CFa) applied to SBU-D Employee and A&G expenses leads to unfair disallowances, since employee costs and pension contributions are fixed statutory liabilities governed by wage settlements and service conditions. Remove the efficiency factor (ei) from the employee cost formula, or restrict its application strictly to A&G expenses.	The efficiency factor has been specified in line with the Electricity (Second Amendment) Rules, 2023 and the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority. Hence no change required.
366	50	**KSEB Engineers' Association**	They submitted that the draft lacks specific metering accuracy and testing standards for public electric vehicle charging infrastructure.	As per the directives of the Ministry of Power, the sale of electricity by EV charging stations is not resale of

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Insert a clause under Regulation 50 mandating periodic calibration standards and energy meter testing for all public EVSE installations, to ensure billing accuracy and power quality compliance.	electricity. Further, KSEB Ltd is the State Nodal Agency, and may take up such issues with the Government for appropriate policy decisions.
367	50.1	**FEEC**	They welcomed replacing 'energy sales' with 'energy handled' as an O&M parameter, but submitted that 'energy handled' is not defined and Annexure 10 appears to consider only energy input from SBU-T to SBU-D, omitting energy injected by prosumers, captive consumers and, in future, ESSD. Include energy input to SBU-D by prosumers, captive consumers and ESSD in 'energy handled', and recalculate the parameter Erb in Table 3 of Annexure 10 using the true energy handled by SBU-D.	The cost drivers are fixed after examining the growth of the parameters and the base figures provide the methodology. Hence no change required.
368	50.1	**FEEC**	They submitted that the reason for dropping HT and LT line length parameters used in the earlier Regulations is not clear, and that using all five parameters would even out problems associated with any single parameter amid the energy transition. Continue the parameters of the Tariff Regulations, 2021, replacing 'energy sales' with 'energy handled' and 'number of transformers' with 'MVA capacity of transformers', with equal weightage of 20% for each of the five parameters.	
369	50.1	**FEEC**	They submitted that the 2024-25 base-year approved O&M is much lower than KSEBL's actual O&M in previous years; approved O&M should suffice for effective maintenance to improve service and reduce accidents, while excess due to inefficient maintenance should not be passed on to consumers. Review the matter and bring appropriate changes in the normative O&M costs.	The figures submitted by the stakeholder do not match with the figures available with the Commission.
370	50.1	**KSEB Officers' Association**	They supported the CEA O&M benchmarking approach but submitted that pay revision, pension and statutory obligations should not face an efficiency cut, the base-year employee strength (about 27,175) does not reflect the approved 30,321, investment already made for anticipated growth should be recognised, and sought clarification on recovery of employer's NPS contribution under Annexure 10. Apply the 30:30:40 efficiency approach only to controllable expenditure and separately recognise statutory employee costs, mandatory obligations and unavoidable expenditure after prudence verification; reflect the Commission-approved strength of 30,321 in the employee-cost methodology with adjustments for actual deployment, retirement and recruitment; provide for prudence-based recognition of committed and unavoidable O&M expenditure associated with assets and infrastructure already created; and make explicit provision for the employer's NPS contribution.	The proposal is not in line with the methodology specified in the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
371	50.1	**KDHPCL**	They submitted that escalating the trued-up base-year (2024-25) expense perpetuates past disallowances, ignores activity levels and actual inflation, and causes large disparity in O&M norms among licensees. Citing FY 2024-25 per-consumer and per-unit costs, they stated KDHP's O&M is far below other licensees despite difficult terrain, and the efficiency factor only partly addresses the lack of benchmarking. Adopt a more prudent and equitable approach in setting O&M norms, especially for small licensees like KDHPCL, by benchmarking O&M performance first or by using ratios for O&M norms derived from the actual performance of licensees across the State, adjusted for specific variances like terrain, consumer mix and concentration.	The norms are uniform for all the licensees. In case the licensee faces any difficulty, it may file a separate petition before the Commission with all the necessary and sufficient data and details.
372	50.1	**Babu Thadathil**	He submitted that KSEB's expenditure on salaries, allowances and administrative benefits should be reduced on the basis of income, and unnecessary or excessive expenditure should be identified and reduced so that the burden does not fall on consumers. Adopt a transparent and sustainable salary structure linked to the Board's financial position, productivity and revenue.	The O&M expenses are allowed on normative basis with an efficiency factor, and only the prudent expenses are passed on to the consumers.
373	50.2	**Infopark Kerala**	They submitted that rent payable to service providers for providing data communication between the licensee and consumers should be allowed as one-time expenditure. Include the rent payable to service providers for data communication between the licensee and consumers under 'One time expenditure'.	This appears to be a recurring expense, and cannot be treated as a one-time expense.
374	50.2	**KRL**	They welcomed Regulation 50.2 allowing one-time O&M expenditure of a special nature for smaller licensees, but submitted that the normative formula needs a safety valve, as single major items like repairs, statutory compliance, SCADA/AMI or exceptional employee costs can materially affect a small licensee's O&M, and no similar provision exists for employee and A&G expenses. For small distribution licensees, add: "Where the normative O&M expense is demonstrably inadequate due to statutory requirements, extraordinary repairs, cyber-security requirements, safety compliance, increase in insurance cost, system automation/IT requirements or other circumstances beyond the reasonable control of the licensee, the Commission may allow the actual prudent expenditure over and above the normative amount after prudence check."	The provisions for one-time expenses and change in law are already covered under these Regulations. Hence no change required.
375	50.2	**TCED**	They welcomed Regulation 50.2, permitting one-time O&M expenditure of a special nature subject to prudence check, as an appropriate mechanism for recognising extraordinary expenditure such as emergency restoration and statutory upgrades. Retain the provision in the final Regulations.	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 51 – Incentive for Achieving Standards of Performance for Distribution Business				
376	51	**KPUPL**	They submitted that the maximum reliability incentive of 1% of approved equity linked to SAIDI and SAIFI may be too small for a licensee with a small equity base compared with the investment needed for significant reliability improvements. Link the incentive to approved ARR, actual prudent reliability improvement expenditure, number of consumers served, or measurable improvement in SAIDI/SAIFI, rather than exclusively to a percentage of equity.	Noted.
377	51	**HT & EHT Association**	They supported Regulation 51 (additional RoE as incentive for achieving Standards of Performance) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
378	51	**WRI India**	They welcomed linking incentives to SAIDI and SAIFI computed from substation and subsequently DTR smart meter data as a meaningful step towards outcome-based regulation.	Noted.
379	51.2	**FEEC**	They submitted that allowing an incentive of 0.25% under Regulations 51.2(i)(b) and 51.2(ii)(b) even when the SAIDI/SAIFI target is exceeded by up to 5% is not logical, as the SoP Regulations already permit trajectory revision where targets are difficult, and incentive should not be given for performance below target. Delete Reg 51.2(i)(b), 51.2(i)(c), 51.2(ii)(b) and 51.2(ii)(c).	Regulation 51.2 has been modified for better clarity.
380	51.2	**InSDES**	They submitted that allowing an incentive of 0.25% under Regulations 51.2(i)(b) and 51.2(ii)(b) even when the SAIDI/SAIFI target is exceeded by up to 5% is not logical, as the SoP Regulations already permit trajectory revision where targets are difficult, and incentive should not be given for performance below target. Delete Regulations 51.2(i)(b), 51.2(i)(c), 51.2(ii)(b) and 51.2(ii)(c).	
381	51.2	**KSEB Pensioners' Association**	They supported the performance incentives for the distribution business. Integrate the SAIFI/ SAIDI incentives with smart meter data.	This is already covered under Regulation 51.3.
382	51.2	**KDHPCL**	They submitted that SAIDI, SAIFI and distribution loss targets linked to incentives should be set considering the licensee's specific operational conditions, such as terrain, consumer spread, network characteristics and area coverage, so that they are realistic, equitable and achievable. Set SAIDI, SAIFI and distribution loss targets considering licensee-specific operational conditions (terrain, consumer spread, network characteristics, area coverage).	Such issues may be raised at the time of amendment of the KSERC (Standards of Performance of Distribution Licensees) Regulations, 2015.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
383	51.2	**George Sebastian**	He submitted that Regulation 51.2 provides incentives of up to 1% for achieving SAIFI and SAIDI targets but no corresponding disincentive for failure, and that a balanced incentive/disincentive mechanism, as in other jurisdictions, would give a stronger push for sustained reliability improvement. Introduce a disincentive for failure to achieve the SAIFI/ SAIDI targets, alongside the incentive.	The Regulation provides an incentive for achieving the reliability indices. Non-compliance with the standards of performance is dealt with under the KSERC (Standards of Performance of Distribution Licensees) Regulations, 2015.
384	51.2(iii)	**WRI India**	They pointed out that Regulation 51.2(iii) refers to aggregate 'Incentive/Disincentive' but the schedule provides only for incentives. Specify a corresponding disincentive where SAIDI and SAIFI are significantly worse than the targets under the Standards of Performance Regulations.	
385	51.3	**Infopark Kerala**	They submitted that installation of smart meters at feeders and DTRs may get delayed, as many of the small licensees are yet to issue work orders, and hence the time frame for collecting data from smart meters to compute SAIFI and SAIDI needs extension. Extend the time frame for collection of feeder data to 2028-29 and for DTR data to '2029-20' (as written; presumably 2029-30).	The time frame is specified in line with the SOP Regulations. The licensee may approach the Commission with the necessary details in case of any difficulty.
386	51.3	**KSEB Officers' Association**	They submitted, with reference to the proviso to the SAIDI/SAIFI incentive provision disallowing the incentive where smart meter data is not submitted, that non-availability of smart-meter/DTR data for reasons demonstrably beyond KSEB Ltd's control should not by itself result in forfeiture of reliability incentives. Permit use of the best available validated data until adequate smart-meter coverage is achieved.	The incentive will be allowed only on the basis of reliable data. Hence no change required.
387	51.3	**TCED**	They submitted that TCED draws power from KSEB Ltd.'s Viyyur substation, where maintenance-related interruptions outside TCED's network and control would reflect in its SAIDI/SAIFI, and it would be inequitable for TCED's incentive eligibility under Regulation 51 to be jeopardised on this account. Clarify that SAIDI/SAIFI incentive eligibility of TCED under Regulation 51 shall be based on TCED's own performance and data submission, shall not depend upon KSEB Ltd., and that interruptions attributable to KSEB Ltd.'s upstream maintenance at the Viyyur interface are appropriately accounted for.	The SAIDI and SAIFI of each licensee will be computed based on its own data, as per the SOP Regulations.
388	51.3	**WRI India**	They pointed out that the final proviso to Regulation 51.3 applies only to KSEB Ltd and contains the erroneous text "shall be not be allowed". Extend the proviso to all licensees and correct the text.	Regulation 51.3 has been suitably modified.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 53 – Bad Debts				
389	53	**KPUPL**	They submitted that under Regulation 53 actual bad debt write-off is allowed only after assessment of prudence and necessity, whereas for a small licensee a single large default can materially affect its financial position. Permit a reasonable normative provision for bad debts where the receivable is genuinely doubtful, adequate recovery action has been taken, the amount is outstanding beyond a prescribed period, and the write-off is supported by audited records.	Noted.
Regulation 54 – Other (Non- Tariff) Income				
390	54	**FEEC**	They submitted that the Regulations contain different definitions for 'Other Income' and 'Non-Tariff Income', and that the expression 'Non-Tariff' given in brackets to 'Other Income' in Regulation 54 creates confusion. Delete '(Non-Tariff)' from the heading 'Other (Non-Tariff) Income' in Regulation 54.	The heading of Regulation 54 has been modified.
391	54	**InSDES**	They submitted that 'Non-Tariff Income' and 'Other Income' are different and separately defined terms. Delete the words "(Non-Tariff)" from the heading of Regulation 54.	
392	54	**KPUPL**	They objected that approved other income is deducted from ARR and 50% of net revenue from other business is deducted, submitting that where a small licensee undertakes additional activities using its own entrepreneurial resources and investment, excessive sharing may discourage efficient utilisation of assets. Provide a differentiated sharing mechanism for small licensees, particularly where the activity involves additional investment, carries commercial risk and uses no consumer-funded asset.	Income from other business is covered under Regulation 55.
393	54.2(xiv)	**KRL**	They submitted that inclusion of the entire commission for collection of electricity duty as non-tariff income under Regulation 54.2(xiv) should be reconsidered, citing APTEL's judgment in Western Electricity Supply Company Ltd. v. OERC holding that such duty is collected on behalf of the State Government and the commission cannot simply be assumed as income. Delete Regulation 54.2(xiv) (preferred).	Only the actual income received, as per the orders of the Government, will be considered by the Commission.
394	54.2(xiv)	**RPIPL**	They objected to Regulation 54.2(xiv) including commission for collection of electricity duty as non-tariff income deducted from ARR, relying on APTEL's judgment dated 21.07.2025 in BSES Rajdhani Power Limited v. DERC, which held that such income does not constitute NTI. Delete Regulation 54.2(xiv) so that income arising from collection of electricity duty is not categorically treated as non-tariff income.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
395	54.2(xviii)	**KPUPL**	They objected to treating normative interest income on accumulated regulatory surplus as other income deducted from ARR, as it is a notional adjustment without cash inflow, and the surplus may arise from disallowances or timing differences, including disallowed statutory liabilities, thereby compounding the impact of expenditure not admitted. Do not treat normative interest on accumulated regulatory surplus as other income; alternatively clarify that only actual realised interest/cash receipts arising from regulatory surplus shall be considered, and that surplus arising from treatment of statutory liabilities (Income Tax, Electricity Duty under Section 3, etc.) shall not be treated as generating income unless corresponding cash is actually received.	Interest on regulatory surplus is considered since the licensee retains the surplus amount payable to the consumers. Hence no change required.
396	54.2(xix)	**KRL**	They submitted that the residuary clause 'Any other receipts' is excessively wide, since not every accounting receipt arises from the regulated distribution business, as recognised by the exclusion in Regulation 54.4, and the clause could lead to asymmetric treatment where income is deducted from ARR although the related expenditure or assets were never allowed. Replace "Any other receipts" with: "Any other revenue receipt directly attributable to the regulated distribution business, the corresponding cost of earning which has been allowed in the Aggregate Revenue Requirement."	Only the receipts relating to the regulated business will be considered under ‘any other receipts’.
397	54.2(xix)	**RPIPL**	They submitted that the residuary clause 'Any other receipts' in Regulation 54.2 is very broad and may treat receipts as non-tariff income merely because they are accounted as receipts, even where unrelated to the regulated business or where corresponding expenditure/assets are not in ARR; Regulation 54.4 itself shows not every receipt is NTI, and the clause could cause asymmetric treatment. Replace "Any other receipts" with "Any other revenue receipt directly attributable to the regulated distribution business, the corresponding cost of earning which has been allowed in the Aggregate Revenue Requirement.", so that capital receipts, receipts from unregulated activities and other amounts not arising from the regulated business are excluded from Regulation 54.2.	
Regulation 55 – Income from Other business				
398	55.1, 72.1	**FEEC**	They submitted that the reason is not clear for deducting one-half of revenue from other business from ARR for the distribution licensee (Reg 55.1) but one-third for the transmission licensee (Reg 72.1), and noted that income from other business is not mentioned for generation.	Distribution and transmission are two distinct businesses, and hence the differentiation is proposed.
399	55.1, 72.1	**InSDES**	They submitted that the discrepancy between one-half deduction of other business income for distribution (55.1) and one-third for transmission (72.1), with no provision for generation, should be corrected, and that income from fibre optic cables, advertisements and hydel tourism is better classified as income from other business if Sections 41 and 51 conditions are met.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Correct the discrepancy in sharing ratios and provide for income from other business in generation; classify items such as fibre optic/coaxial cable, advertisement and hydel tourism income as income from other business where conditions under Sections 41 and 51 are met.	
400	55.1 & 72.1	**KSEB Seniors Forum**	They submitted that one-half of income from other business is deducted from distribution ARR under Regulation 55.1 whereas one-third is deducted for transmission under Regulation 72.1, and there is no classification of 'Income from Other Business' for generation. There shall be uniform criteria for treatment of income from other business across distribution, transmission and generation.	
Regulation 56 – Determination of Wheeling Charges				
401	56	**CleanMax**	They submitted that a Green Energy Open Access consumer drawing RE power within its contract demand already pays all network costs through demand charges, and levying transmission and wheeling charges on such RE power would amount to double recovery. Transmission and wheeling charges should not be levied on RE power availed under GEOA within the contract demand.	The charges are levied as per the statutory requirements.
402	56.1	**HT & EHT Association**	They submitted that the 2021 Regulations' requirement that wheeling charges be determined on segregated accounts for the distribution wires business has not been carried into the Draft, leaving apportionment to the licensee's own percentages supported only by 'justification'. Modify the first proviso to Regulation 56.1: "Provided that the licensee may follow different apportionment percentages for each component of the ARR shall provide justification for such apportionment along with necessary details, on the basis of the segregated accounts filed by the licensee for the distribution wires business, or, where such accounts are not filed, on the basis of an allocation matrix as specified in the below mentioned table:…", with the Commission incorporating an appropriate allocation matrix with proper reasoning.	The prudence of the apportionment will be checked during the tariff determination process, and the stakeholders can submit their remarks at that time.
403	56.1	**HT & EHT Association**	They submitted that wheeling charges should not apply to consumers connected above 33 kV (EHV level), as the distribution network of 33 kV and below is not used for supplying them. Add to Regulation 56.1: "Provided also that there will not be any wheeling charges for consumers connected at above 33 kV level, i.e., EHV consumers."	The transmission and wheeling charges will be applicable based on the usage of the transmission or distribution system, as applicable.
404	56.2	**HT & EHT Association**	They submitted that wheeling charges should be determined separately for network usage below 11 kV, 11 kV, 22 kV and 33 kV, instead of only 'below 11 kV' and '11 kV and above'. Second proviso to Regulation 56.1: "…voltage levels below 11 kV, 11 kV, 22 kV and 33 kV, along with justification for the voltage wise segregation of cost"; and "56.2 The Commission shall	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			determine the wheeling charges for voltage levels below 11 kV, 11 kV, 22 kV and 33 kV after prudence check."	
Regulation 57 – Determination of Bulk and Retail Supply Tariff				
405	57.5	**HT & EHT Association**	They submitted that Regulation 57.5 computes a single State-wide estimated average cost of supply, and sought that retail tariff be determined with reference to the cost of supply at the voltage level of supply. "57.5 The retail supply tariff … shall be determined after considering the estimated cost of supply applicable to the voltage level at which the consumer category is supplied." (deleting the word "average" and the sentence computing the average cost of supply as the ratio of approved ARR to total sale of electricity).	The voltage-wise cost of supply will be considered during the tariff determination process, based on the order of the Hon'ble APTEL.
406	57.6	**HT & EHT Association**	They submitted that Regulation 57.6 measures cross subsidy against the single State-wide average cost of supply, and sought that it be measured against the cost of supply at the respective voltage level. "57.6 The Commission shall endeavour to reduce gradually, the cross-subsidy among consumer categories with respect to the cost of supply applicable to the respective voltage level."	The reduction of cross subsidy will be as per the provisions of the Electricity Act, 2003.
407	57.9	**HT & EHT Association**	They submitted that the voltage-wise cost segregation determined under Regulation 56 should also be used to determine the voltage-wise cost of supply under Regulation 57.9. Use the voltage-wise cost segregation under Regulation 56 for determining voltage-wise cost of supply under Regulation 57.9.	The voltage-wise cost of supply will be considered during the tariff determination process, based on the order of the Hon'ble APTEL.
408	57.10	**HT & EHT Association**	They submitted that Regulation 57.10 makes the bulk consumer responsible for maintaining the power factor 'of their distribution system', an expression apt to a licensee but not to a consumer, and that the obligation should be expressed with reference to the point of supply. "57.10 The distribution licensee/ bulk consumer shall be responsible for maintaining the power factor at the point of supply, at a level between 0.95 lag and 0.95 lead …" (deleting "of their distribution system").	This is a technical requirement as per the CEA Regulations.
409	57.10	**TCED**	They welcomed the uniform treatment of power factor incentive/disincentive under Regulations 57.10 to 57.12 as consistent with its earlier request for uniform treatment among distribution licensees, and stated that its concern appears to have been addressed. Retain the provision in the final Regulations.	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 58 – Fuel and Power Purchase Cost Adjustment Surcharge (FPPAS)				
410	58	**KSEB Pensioners' Association**	They supported the automatic monthly pass-through of fuel and power purchase cost adjustments, to maintain uninterrupted liquidity for KSEB Ltd and prevent financial distress. Retain as proposed.	Noted.
411	58	**WRI India**	They welcomed the FPPAS safeguards in Regulation 58 and Annexure 3, including use of target distribution loss, disallowance of carry-over on delayed computation, certified monthly publication, portal archiving, separate accounting and bill display, and exemption for small domestic consumers.	Noted.
412	58.4, 58.7	**Asokakumar K.**	He submitted that, as FPPAS is recovered automatically and directly from consumers through bills, the consumer safeguards should be strengthened, noting the Force Majeure exception to the two-month lag in Regulation 58.4 and substantial automatic recovery permitted under Regulation 58.7 even where FPPAS exceeds 5%. (a) Force Majeure should not permit indefinite or inadequately supported delay in computation or recovery; (b) any Force Majeure claim should meet the burden-of-proof, causation and mitigation requirements; (c) automatic recovery should remain subject to subsequent verification and refund of any excess recovery; (d) the final Regulations should require clear disclosure of the underlying power purchase cost, quantum, source, applicable tariff and computation of FPPAS; and (e) any amount not recovered within the prescribed period due to the licensee's failure to comply with the regulatory timetable should not later become recoverable merely by describing the delay as Force Majeure.	The Regulation has been framed in accordance with the Electricity (Amendment) Rules, 2022 notified by the Central Government. Necessary safeguards for consumer protection are built in through the truing up process, wherein prudence check is carried out.
413	58.4	**HT & EHT Association**	They submitted that where the licensee fails to compute and charge FPPAS within the prescribed timeline, the amount still remains recoverable through true-up, which is not in accordance with the Electricity (Amendment) Rules, 2022 dated 29.12.2022, Schedule II (4) and (9). "58.4 … Provided that where KSEB Ltd fails to compute and charge the FPPAS within this timeline except in cases of force majeure, its right for recovery of costs on account of fuel and power purchase adjustment surcharge shall be forfeited and in such cases, the right to recover the FPPAS determined during true-up shall also be forfeited …"	This provision is intended to avoid tariff shock in exceptional cases.
414	58.7	**WRI India**	They noted that under Regulation 58.7(ii), where computed FPPAS exceeds 5%, 90% of the excess is also recovered automatically, which could significantly impact consumer bills. Any amount in excess of 5% should be recoverable only after vetting by the Commission.	The provision is in line with the Electricity (Amendment) Rules, 2022, and will be subject to prudence check during the truing up process.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
415	58.7(ii)	**KSEB Officers' Association**	They submitted that since power-purchase cost is a major variable component of the distribution licensee's revenue requirement, prudently incurred variation should be passed through fully and in a time-bound manner. Provide that the 10% deferred component of FPPAS in excess of five per cent is automatically admitted at true-up unless specifically disallowed after prudence check.	The deferred component will be subject to prudence check during the truing up process.
416	58.9	**WRI India**	They pointed out an inconsistency between FPPAS computed as a percentage of the state-wide Average Billing Rate (Annexure 3, Reg 58.8) and the carry-forward condition referring to 5% of the variable tariff component (58.9(ii)), and submitted that a uniform FPPAS plus RA surcharge may burden small consumers and the 'two billing cycle' limit is unclear for bi-monthly billing. Harmonise the reference base; assess the distributional impact of a uniform per-unit surcharge on lower-tariff categories; exempt consumers with monthly consumption below 100 units from one of these surcharges (FPPAS or RA surcharge); and clarify whether 'two billing cycles' means two months or four months for bi-monthly billing.	FPPAS is computed in accordance with the Electricity (Amendment) Rules, 2022, and the BPL consumers are exempted under Regulation 58.2. The billing cycle refers to the billing cycle applicable to the consumer.
417	58.9(ii)	**KSEB Ltd**	They submitted that the expression 'variable component of the approved tariff' requires clear definition, since the retail tariff comprises different components and different energy charges for various consumer categories, making it unclear which tariff/rate is to be considered for determining the 5% threshold. The Regulation may clearly specify the exact tariff component, rate and methodology to be adopted for determining the 5% threshold.	Adequate clarity incorporated in the Regulations.
418	58.10(iii)	**KSEB Ltd**	They submitted that the mechanism for billing, remittance and levy of interest on FPPAS requires clarification, since KSEBL does not raise a separate invoice on distribution licensees for FPPAS collected from their consumers, causing ambiguity on the amount outstanding, due date and date from which interest is calculated. Prescribe a clear mechanism for determination/intimation or invoicing of the FPPAS amount payable to KSEBL, the due date for remittance and the date from which interest becomes applicable on delayed payment.	The Regulation takes into account the prevailing practice between the licensees. If any difficulty arises in carrying out the provisions, KSEB Ltd may approach the Commission with the necessary details.
419	58.12	**HT & EHT Association**	They submitted that where excess FPPAS has been recovered from consumers, no enhanced carrying cost attaches to its refund, contrary to the Electricity (Amendment) Rules, 2022. It also sought a ceiling price for FPPAS. "58.12 In case of excess revenue recovered for the year against the FPPAS, the same shall be recovered from the licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the Commission and the under recovery of	Sufficient provisions are included, and Regulation 58.12 has been suitably modified.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			FPPAS shall be allowed during true up, to be billed along with the automatic FPPAS amount." The Commission should also fix a ceiling price for FPPAS.	
Regulation 59 – Subsidy				
420	59	**HT & EHT Association**	They submitted that the Draft is silent on a State Government-directed subsidy not paid in advance, which would appear as under-recovery and ultimately be recovered from all consumers through true-up, whereas under Section 65 of the Electricity Act, 2003 such a direction is not operative and the Commission's tariff applies. Add: "59.5 Where the State Government does not pay in advance the amount required to compensate the distribution licensee in accordance with Section 65 of the Act, the direction of the State Government shall not be operative and the tariff determined by the Commission shall apply; and no amount attributable to any subsidy so directed but not paid shall be included in the Aggregate Revenue Requirement of the distribution licensee, or carried forward as a revenue gap or regulatory asset, or recovered from any other category of consumers."	The provisions are as per Section 65 of the Electricity Act, 2003, and hence need not be reiterated in the Regulations.
421	59	**WRI India**	They welcomed the determination of ARR without considering subsidy (Regulation 59.1) and the category-wise disclosure of subsidy billed, received and outstanding with quarterly reports on the gap between subsidy due and paid (Regulation 59.4), terming them excellent provisions.	Noted.
422	59.3	**WRI India**	They pointed out that the proviso on the quarterly report is placed under the annual disclosure provision in Regulation 59.3. Move the proviso to Regulation 59.4.	Suitable changes have been made in Regulation 59.4.
423	59.4	**WRI India**	They strongly welcomed Regulation 59 and sought public availability of the quarterly subsidy report. Publish and archive the quarterly subsidy report under Regulation 59.4, including the interest cost of delayed subsidy payments, on the Licensee's website in text-searchable format.	Noted.
Regulation 60 – Cross-subsidy surcharge and additional surcharge in open access				
424	60.4	**HT & EHT Association**	They supported Regulation 60.4 (receipts from cross-subsidy surcharge and additional surcharge to be deducted from the ARR), noting that the inconsistency with Regulation 48.1(xv) and (xvi) is dealt with separately as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
CHAPTER VI – TRANSMISSION				
Regulation 62 – Capital cost				
425	62	**KSEB Officers' Association**	They submitted that capitalisation of a new substation, line or transformer creates a recurring operational obligation. Require assessment of the recurring O&M and manpower requirement associated with each capitalised asset.	This is already taken care of through the business growth rate considered in the normative O&M expenses, which is linked to the addition of assets.
426	62	**HT & EHT Association**	They supported Regulation 62 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
427	62.2	**KSEB Engineers' Association**	They submitted that EHV transmission projects in Kerala face severe delays due to Right of Way litigation, land acquisition bottlenecks, delayed forest/ statutory clearances and extreme weather, which fall outside the standard force majeure definitions. Amend to: "Increase in capital cost due to time and cost overruns for reasons other than force majeure and uncontrollable factors beyond the reasonable control of the licensee (including delays in land acquisition, RoW disputes, statutory/ forest clearances, and local agitation) shall be considered by the Commission after prudence check."	Regulation 62.2 adequately addresses these issues, since any increase in capital cost due to time and cost overruns will be considered by the Commission after prudence check. Hence no change required.
Regulation 63 – Capital Investment Plan				
428	63.4	**KSEB Officers' Association**	They submitted that the transmission Capital Investment Plan should capture the additional operational requirements arising from proposed assets. Provide that the CIP shall also indicate the additional O&M requirement arising from the proposed assets, including technical manpower, shift operation, protection and control, SCADA, communication, automation, safety and other associated operational requirements.	This is already taken care of through the business growth rate considered in the normative O&M expenses, which is linked to the addition of assets.
429	63.6	**KSEB Officers' Association**	They submitted that the requirement of prior inclusion in the approved Capital Investment Plan should not operate as an absolute bar to tariff recognition of assets subsequently approved by the Commission on an ex-post-facto basis under Regulation 30.3. Clarify that prudently incurred and approved capital cost of projects undertaken for unforeseen system requirements, emergency or disaster restoration, statutory compliance, grid security, reliability, N-1 requirements or other works which could not reasonably have been included in the approved CIP shall be eligible for recognition in ARR from COD, subject to prudence check and approval; and incorporate a specific cross-reference to Regulation 30.3.	If any such additional requirement arises, KSEB Ltd may approach the Commission through separate proceedings.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 65 – Adoption of tariff for the projects allotted through TBCB route				
430	65.1	**KSEB Officers' Association**	They submitted that mandatory TBCB for all new intra-State transmission projects above ₹250 crore may unduly restrict the STU's flexibility in integrated network planning and fragment planning, operation and maintenance, and that the narrow exemptions under Regulation 65.3, each requiring State Government approval, may delay projects needed for reliability, RE evacuation and grid security. Make TBCB one of the available modes of execution rather than the exclusive/mandatory mode, permitting the STU to execute projects through the Regulated Tariff Mechanism/Section 62 route where system integration, urgency, technical considerations, continuity of operation or strategic importance justify it; review and suitably enhance the ₹250 crore threshold; and require the Transmission Service Agreement and related documents to clearly specify O&M and system-operation responsibility for TBCB assets.	The provision has been incorporated in line with the judgment of the Hon'ble Supreme Court dated 23.11.2022 in Civil Appeal No. 1933 of 2022 (Tata Power Company Limited vs. Maharashtra Electricity Regulatory Commission & Ors.) and the policy direction of the State Government under Section 108 of the Act.
431	65.2	**KSEB Ltd**	They submitted that the necessity and scope of the provision require reconsideration, as transmission systems are interconnected and the wording does not define the extent of upstream/downstream works to be included, creating ambiguity in project delineation where such systems are existing, separately approved, under implementation, below the TBCB threshold or of another licensee. Regulation 65.2 may be deleted.	Regulation 65.2 has been modified to provide that the project may include its upstream or downstream project associated therewith.
432	65.2	**InSDES**	They submitted that the words "including its upstream or down stream project associated therewith" seem unnecessary and may lead to complications. Replace the words with "without splitting the individual works", if that is the intention.	
433	65.3	**KSEB Ltd**	They submitted that the circumstances for exemption from mandatory TBCB are very limited, and other intra-State projects may be unsuitable for TBCB considering urgency, system security, technical constraints, integration with the existing network, right-of-way constraints, evacuation requirements or State-specific needs. In addition to clauses (i) to (iii), incorporate a provision enabling the State Government, on the recommendation of the STU, to permit any other intra-State transmission project above the threshold limit to be implemented under the cost-plus route under Section 62 of the Act, for reasons to be recorded in writing, with capital investment continuing to be subject to approval and prudence check by the Commission.	Sufficient flexibility is already provided to the STU under Regulation 65.3. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 66 – Operational Norms				
434	66 / 69	**KSEB Ltd**	They requested that the transmission availability norms of the KSERC Tariff Regulations, 2021, which are in line with the CERC Regulations, be maintained (the draft specifies target availability of 99%). Maintain the target availability at 98% and the incentive limit at 98.5%, as in the Tariff Regulations, 2021.	The target availability under Regulation 66.1 has been modified as 98.5%.
435	66	**HT & EHT Association**	They supported Regulation 66 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
436	66.1	**KSEB Engineers' Association**	They submitted that maintaining 99% availability across Kerala's tropical terrain, with intense monsoons, lightning and vegetation interference along narrow corridors, is disproportionately penalising, and the CERC norm is 98%. Amend to: "Target availability for full recovery of Annual Revenue Requirement for alternating current (AC) system shall be 98 per cent."	The target availability under Regulation 66.1 has been modified as 98.5%.
437	66.1	**KSEB Officers' Association**	They noted that target transmission availability increases from 98% to 99%, and submitted that while higher availability gives better recovery/incentive, the resource requirement necessary to achieve that performance should be adequately recognised. Adequately recognise the resources required to achieve 99% availability.	
438	66.1	**KSEB Seniors Forum**	They submitted that the target availability of the transmission system was 98% in the CERC Regulations, 2024 and also 98% in the KSERC Tariff Regulations, 2021, but has been increased to 99% in the draft Regulations, 2026, which seems high and not realistic.	
Regulation 67 – Components of the Aggregate Revenue Requirement				
439	67	**KSEB Officers' Association**	They submitted that employee cost is not separately visible in Regulation 67. Separately identify and adequately recognise employee expenditure forming part of transmission O&M.	The provisions are based on the CERC Tariff Regulations, and the employee expenses form part of the normative O&M expenses of the transmission business. Hence no change required.
440	67.1	**KSEB Ltd**	They submitted that compensation paid/payable in connection with construction of transmission lines, including Right of Way/corridor compensation and other admissible line compensation, is expenditure necessarily incurred for creation of transmission assets, and no provision exists for its amortisation.	Such expenses will be considered on a case-to-case basis, subject to prudence check.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Include a provision that, where such line compensation is not capitalised or is required to be amortised under the applicable accounting/regulatory treatment, the amortisation of line compensation shall be specifically recognised as an allowable component of ARR, subject to prudence check.	
441	67.1	**KSEB Ltd**	They submitted that there is no specific provision for expenditure relating to development/use of software developed in-house. Expenditure relating to development, maintenance and use of in-house software shall be recognised in the ARR of the respective SBU/business, and an appropriate provision may be included for its recovery.	The normative O&M expenses allowed by the Commission adequately capture such expenses. Hence no change required.
Regulation 68 – Operation and Maintenance expenses				
442	68 / Annexure 10	**KSEB Ltd**	They submitted that normative transmission O&M makes no allowance for assets commissioned during the year, unlike Regulation 58(1)(iv) of the 2021 Regulations which considered 50% of such additions, and non-recognition would deny legitimate O&M expenditure until the following year. Restore the 2021 provision: 50% weightage for transmission lines, transformer MVA capacity and bays added during the year and put to intended use may be retained for determination of normative O&M.	The provision allows reasonable recovery of the O&M expenses, and the addition of assets is captured through the cost drivers. Hence no change required.
443	68	**HT & EHT Association**	They supported Regulation 68 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
444	68.1	**KSEB Engineers' Association**	They submitted that the definition of 'Bay' (66 kV and above) excludes 33 kV bays located inside EHV substations operated by transmission personnel, and GIS bays and underground EHV cables have different O&M cost structures from conventional air insulated switchgear. Amend Explanation (i): "'Bay' shall mean a set of accessories required to connect electrical equipment at 33 kV and above managed by the transmission licensee. Provided that differential higher normative coefficients shall be applicable for Gas Insulated Switchgear (GIS) bays and underground EHV cable circuits."	When GIS bays become predominant, if any difficulty arises in the recovery of O&M expenses, KSEB Ltd may approach the Commission through a separate petition.
445	68.1	**KSEB Officers' Association**	They submitted that the SBU-T base-year O&M, including employee, A&G and R&M, is allocated only to asset parameters (Bay 40%, Transformer-MVA 30%, Line-km 30%), so the employee component is not responsive to sanctioned strength, vacancies, shift or organisational requirements.	The base year O&M expenses already include the employee expenses, which are apportioned to the cost drivers. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
446	68.3	**KSEB Engineers' Association**	They submitted that rapidly evolving cybersecurity mandates, AI predictive tools and automation patches require agile deployment without waiting for multi-year Capital Investment Plan revisions. Add: "Provided that urgent schemes up to ₹5 Crores per annum may be implemented and allowed during True-Up subject to prudence check, even if not pre-included in the Capital Investment Plan."	Noted.
Regulation 69 – Incentive for Achieving Transmission Availability target				
447	69	**KSEB Pensioners' Association**	They supported the performance incentives but submitted that the transmission availability threshold for incentive, set above 99%, is too high. Lower the transmission availability threshold for incentive from above 99% to above 98%.	The concern has been addressed. The target availability has been modified as 98.5%.
448	69	**HT & EHT Association**	They supported Regulation 69 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
449	69.1 & 69.2	**KSEB Engineers' Association**	They submitted that a ceiling of 0.50% of ARR gives insufficient motivation for preventive EHV maintenance, and the incentive slabs should start at lower availability tiers to account for monsoon disruptions. Revise the incentive table under Regulation 69.2 to: availability of 99.00% and above – 1.00% of ARR; 98.50% to below 99.00% – 0.50% of ARR; 98.00% to below 98.50% – 0.25% of ARR; below 98% – Nil.	The concern has been addressed. The target availability has been modified as 98.5%.
Regulation 71 – Other income				
450	71.2(v)	**KSEB Ltd**	They pointed out that income from staff welfare activities is included in the indicative list of Other Income to be deducted from the ARR of the Transmission Business (implying objection to its inclusion).	Regulation 71.2(v) has been deleted, and the Regulation has been suitably modified.
Regulation 74 – Determination of Transmission Charges				
451	74.1	**KSEB Ltd**	They submitted that, as per the Regulation, the Maximum System Demand (MSD) considered in the Tariff Order is taken for computation of transmission charges. Replace it with the MSD approved in the ARR order.	Regulation 74.1 has been modified. The transmission charges shall be computed based on the sum of the capacities contracted in MW by all the long-term and medium-term users of the
452	74.1	**KSEB Engineers' Association**	They submitted that allocating long-term and medium-term capacity charges using peak demand (Maximum System Demand) instead of reserved capacity distorts cost allocation between long-term users and open access entities.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Amend the formula definition: "ATC/ LTSC = Total Allocated Transmission Capacity/ Long-Term and Medium-Term Contracted Capacity (in MW) approved by the Commission for the financial year."	transmission system (SCC), instead of the Maximum System Demand (MSD).
453	74.1	**HT & EHT Association**	They submitted that Regulation 74 changes the methodology for transmission charges by linking them to Maximum System Demand (MSD) instead of the existing capacity-based methodology, which is not in line with the CERC approach. Retain the existing methodology under the MYT Regulations, 2021 for transmission charges applicable to long-term, medium-term and short-term open access consumers, and reconsider the proposed MSD-based methodology.	
454	74.2	**HT & EHT Association**	They noted that under Regulation 74.2 transmission charges for collective transactions and open access by embedded consumers from renewable sources are denominated in Rs/kWh, and sought clarity on applicability to renewable energy procured by embedded consumers through ISTS short-term open access. Clarify the applicability of transmission charges for renewable energy through ISTS short-term open access by embedded consumers.	The proposal may be looked into at the time of issuing the ARR order.
Regulation 75 – Transmission Losses				
455	75 / 103.1	**KSEB Ltd**	They sought clarification on energy accounting for BESS connected to the transmission system, submitting that storage/conversion loss between charging and discharging (normative RTE of 85% under Reg. 103.1) is attributable to the BESS cycle, not to conveyance, and should not be included in transmission loss. Energy drawn for charging and energy injected during discharge shall be separately metered and accounted, and the energy difference attributable to normative/approved RTE and auxiliary consumption of BESS shall be excluded from computation of intra-State transmission loss under Regulation 75.	KSEB Ltd may submit the procedure for energy accounting of BESS, including the treatment of Round-Trip Efficiency, as and when required.
456	75	**HT & EHT Association**	They supported Regulation 75 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
457	75.1	**KSEB Officers' Association**	They submitted that Regulation 75.1 should be aligned with the existing regulatory framework. Expressly provide that transmission losses shall be determined/certified by SLDC based on approved energy-accounting/system-study methodology and approved by the Commission in the Tariff Order, and retain the principle that such losses are borne by Transmission System Users in proportion to their respective usage of the intra-State transmission system.	The existing provisions adequately address the issues raised. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 76 – Reactive energy charges, incentives and disincentives				
458	76.1	**Dr. Anand S R**	He submitted that the proviso to Regulation 76.1 can be a separate sub-regulation, and that the reactive energy charge should be applicable to all consumers connected to the transmission network and need not be restricted to open access consumers. Make the proviso to Regulation 76.1 a separate sub-regulation and specify that reactive energy charges apply to all consumers connected to the transmission network.	The proviso to Regulation 76.1 has been made a separate sub-regulation, as Regulation 76.2.
459	76.2 / 76.3	**KSEB Ltd**	They submitted that the reactive energy accounting and settlement mechanism requires further clarity, since Reg. 76.2 specifies 25 paise/kVArh as a 'charge' whereas Reg. 76.3 provides for incentive/disincentive. Explicitly clarify that 25 paise/kVArh is the applicable rate for computation of both incentive and disincentive, as applicable.	Regulation 76.3 has been modified to specify that the rate of 25 paise per kVArh shall be applicable for both incentive and disincentive.
460	76.2	**InSDES**	They suggested specifying that reactive energy charges apply to all consumers connected to the transmission network, with kVArh computed based on injection/drawal in each time block. Specify applicability to all consumers connected to the transmission network and compute kVArh based on injection/drawal in each time block.	For consumers, the power factor incentive/ disincentive will be applicable.
461	76.3	**Dr. Anand S R**	He submitted that the kVArh may be computed based on injection/ drawal in each time block, that the incentive/ disincentive may be specified as calculated for each time block, and that the scheme may be made applicable to transfer of power to the licensees also. Specify time-block wise computation of kVArh and of incentive/ disincentive, and extend the scheme to transfer of power to licensees.	Noted.
462	76.3	**InSDES**	They suggested that the incentive/disincentive be computed for each time block and that the rate be specified. Specify computation for each time block and specify the rate of incentive/disincentive.	Noted.
463	76.4	**Dr. Anand S R**	He submitted that the incentive/ disincentive can be applied to most EHT consumers as on date since ABT meters are available, instead of deferring it until meters are installed by the STU at all locations. Make the scheme immediately applicable wherever metering facility exists; consumers without such metering may avail incentives only after the meters are changed.	Noted.
464	76.4	**InSDES**	They submitted that the incentive/disincentive can be applied to most EHT consumers immediately since ABT meters are available, instead of deferring until the STU installs meters at all locations.	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Make the scheme immediately applicable wherever metering exists; consumers without such metering may avail incentives only after meters are changed; extend the scheme to transfer of power to licensees also.	
CHAPTER VII – STATE LOAD DESPATCH CENTRE				
Regulation 77 – Aggregate Revenue Requirement of the SLDC				
465	77.1	**KSEB Officers' Association**	They submitted that the 2021 Regulations expressly included RLDC fees and SRPC charges as a component of SLDC ARR, but draft Regulation 77.1 does not list them. Since these are statutory/regulated charges incurred for operation of the SLDC, their omission may result in non-recovery of legitimate expenditure. Include RLDC fees and SRPC charges as a component of the SLDC ARR under Regulation 77.1.	The RLDC fees and SRPC charges are borne by the distribution licensees and open access consumers, and are not the expenses of the SLDC.
466	77.2	**HT & EHT Association**	They submitted that Regulation 77.2 requires a separate ARR for the SLDC but does not require separate audited accounts. "77.2 KSEB Ltd shall file separate Aggregate Revenue Requirement and Expected Revenue from tariff and charges for SLDC. The SLDC shall maintain separate books of accounts for its business and shall file separate audited annual accounts, duly certified by the statutory auditor, before the Commission."	As per Regulation 3(58), the Financial/ Accounting Statements are required for each financial year, and as per the proviso to Regulation 6.11(v), KSEB Ltd shall file separate audited Financial Statements for each of the regulated business units, including the SLDC. Hence no change required.
467	77.4	**KSEB Ltd**	They submitted that SLDC's operational requirements are changing rapidly on account of large-scale RE and ESS integration, forecasting and scheduling, cybersecurity, communication infrastructure, SCADA/EMS modernisation, market-related functions and other statutory/grid-security requirements, which are not captured in historical normative O&M. Expenditure necessarily incurred for new or enhanced functions not captured in the historical normative O&M shall be allowed over and above the normative O&M, subject to prudence check.	KSEB Ltd may submit a separate proposal with all the necessary and sufficient details, which will be considered by the Commission appropriately.
468	77.4	**KSEB Engineers' Association**	They submitted that SLDC expenditure is dominated by specialised software licences, cybersecurity tools, cloud hosting and IT hardware, which escalate faster than the composite CPI:WPI (70:30) inflation used for escalation. Add proviso: "Provided that software license renewals, cybersecurity compliance costs, cloud infrastructure, and IT hardware maintenance expenses of SLDC shall be allowed on an actual pass-through basis during True-Up, over and above normative O&M escalation."	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
469	77.4	**KSEB Officers' Association**	They submitted that the base-year O&M based on three years ending March 2026 escalated at CPI:WPI 70:30 may not reflect the actual cost structure of SLDC, and that current staffing, technology, cybersecurity, automation and system-operation requirements should be properly captured. Consider separate treatment for employee/statutory costs, with the escalation factor applied to appropriate controllable components.	
470	77.4	**HT & EHT Association**	They submitted that Regulation 77.4 omits the basis in the 2021 Regulations under which base year O&M expenses were the average of trued-up O&M of the immediately preceding three financial years, adjusted for efficiency gains and losses. "77.4 The Operation and Maintenance expenses for the base year shall be derived on the basis of average of trued-up Operation and Maintenance expenses, after adding/ deducting the share of efficiency gains/ losses, of the immediately preceding three financial years ending 31st March, 2026 …"	The efficiency factor has been introduced only for the distribution business, based on the Electricity (Second Amendment) Rules, 2023 and the guidelines of the Central Electricity Authority, and is not applicable to the transmission business and the SLDC. Hence no change required.
Regulation 78 – Capital Investment plan of SLDC				
471	78	**HT & EHT Association**	They supported Regulation 78 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
472	78.2	**KSEB Engineers' Association**	They submitted that high-end SCADA software, Energy Management Systems and Phasor Measurement Units frequently exceed ₹1 crore, and a low DPR threshold delays critical IT upgrades. Amend: "For projects having an investment of Rupees Two Crores Fifty Lakhs or above shall be filed along with Detailed Project Report (DPR)."	Noted.
473	78.6	**KSEB Engineers' Association**	They submitted that the SLDC Development Fund for system automation and ring-fencing needs assured sources of funds. Mandate that Short-Term Open Access processing fees, registration fees and Deviation Settlement Mechanism administrative charges be credited directly to the SLDC Development Fund, to secure financial autonomy.	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 80 – Key Performance Indicators for SLDC				
474	80	**KSEB Officers' Association**	They made submissions on the SLDC ring-fencing and Development Fund provisions (Regulations 77 to 80) relating to SLDC staffing, qualification/certification requirements and performance-linked incentives. Provide that SLDC shall continue to be staffed by KSEB Ltd personnel, with the qualification and certification requirements of Regulation 80.1 met through in-house training funded as a pass-through expense; and that any performance-linked incentive under Regulation 80.4 be shared with SLDC staff.	Noted.
475	80	**HT & EHT Association**	They supported Regulation 80 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
476	80.4	**KSEB Engineers' Association**	They submitted that without an explicit incentive quantum and funding mechanism, the KPI evaluation (aligned with the CERC RLDC Regulations, 2024) will remain ineffective for motivating specialised system operators. Amend Regulation 80.4: "The Commission shall provide a Performance Linked Incentive pool of up to 10% of the SLDC Annual LDC charges upon achieving a score above 90% against approved KPIs, earmarked for certified load dispatcher performance allowances, skill retention, and operational innovation."	Noted.
CHAPTER VIII – GENERATION				
Regulation 81 – Applicability				
477	81.1	**KSEB Ltd**	They sought clarification on the applicability of the generation provisions, stated to apply to non-renewable/conventional generating stations, to Large Hydro Power Stations, noting that the Ministry of Power, vide OM dated 08.03.2019, declared Large Hydro Power Projects (>25 MW) as Renewable Energy sources, and hence Large Hydro should not be categorised or construed as non-renewable. Clearly specify that the relevant provisions apply to conventional/non-renewable generating stations and Large Hydro Power Projects, notwithstanding the classification of Large Hydro as a Renewable Energy source, wherever tariff determination of Large Hydro projects is intended to be governed by these Regulations.	Regulation 81.1 has been modified to specify that the provisions of Chapter VIII shall apply to the determination of tariff for supply of electricity from non-renewable sources of generation and hydro generating stations with installed capacity above 25 MW.
478	81.1	**KSEB Ltd**	They submitted that applicability in respect of hydro generating stations above 25 MW may be clarified; since hydro power is recognised as a renewable source, the proviso stating that 'other	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			renewable energy sources' of generation shall be governed by the KSERC (RE) Regulations, 2025 will create ambiguity. Clarify the applicability of Chapter VIII to hydro generating stations above 25 MW.	
479	81.1	**Asokakumar K.**	He submitted that Regulation 81.1 refers RE tariff to the KSERC (Renewable Energy and Related Matters) Regulations, 2025, whose validity is under challenge before the Hon'ble High Court of Kerala (W.P.(C) Nos. 39797/2025 and 1999/2026), and that this unqualified reference should not be construed as validating or prejudging provisions under judicial consideration. Regulation 81.1 may provide that the RE tariff framework shall be governed by the 2025 Regulations "subject to the orders of the competent court", with an express clarification that nothing in the MYT Regulations shall validate, enforce or prejudge any provision of the 2025 Regulations that is subject to judicial proceedings or orders. A saving provision should also protect the existing rights and liabilities of renewable energy consumers/ prosumers pending final adjudication.	Regulation 81.1 has been modified to specify the applicable cases, i.e., non-renewable sources of generation and hydro generating stations with installed capacity above 25 MW, and the reference to the KSERC (Renewable Energy and Related Matters) Regulations, 2025 has been removed.
Regulation 82 – Capital cost				
480	82.1	**HT & EHT Association**	They submitted that Regulation 82.1 drops the adjustment in Regulation 36(1)(vii) of the 2021 Regulations under which revenue from sale of infirm power before COD reduced the capital cost, so that the capital base and the capacity charges borne by beneficiaries are inflated; this is conceptually incorrect and inconsistent with CERC and other SERCs. Add: "(vii) the revenue earned from the sale of infirm power, prior to the date of commercial operation of the generating station or unit thereof, after deducting the fuel cost and other cash expenses of such generation, shall be applied as a reduction of the capital cost of the generating station or unit thereof."	In the case of thermal generating stations, the CERC Tariff Regulations will be applicable, as provided in Regulation 81.1.
481	82.1(vi)	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads additional capitalisation approved "under Regulation 24" (Capital cost and capital structure). Regulation 25 (Additional capitalisation)	The cross-reference has been corrected to Regulation 25.
482	82.2	**KSEB Ltd**	They submitted that while land acquisition and development costs are included in capital cost, statutory expenditure associated with forest/environmental clearances is not expressly provided for, although it is mandatory and integral to hydro project development. Expressly include in the admissible capital cost of hydro projects, subject to prudence check, expenditure towards Compensatory Afforestation, implementation of the Catchment Area Treatment (CAT) Plan, Net Present Value (NPV) for diversion of forest land and other expenditure necessarily incurred for compliance with conditions stipulated by MoEFCC/Forest Department/other statutory authorities.	Regulation 82.1(i) covers all the legitimate expenditure incurred or proposed to be incurred, including such statutory expenses, subject to prudence check. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
483	82.2	**KSEB Pensioners' Association**	They submitted that the capital cost provisions exclude forest land diversion expenses, although these are unavoidable statutory costs for hydro-electric and pumped storage projects. Include Compensatory Afforestation, Catchment Area Treatment (CAT) Plan and Net Present Value (NPV) of forest land in the capital cost of HEPs and PSPs.	
484	82.2	**KSEB Seniors Forum**	They submitted that the additional items allowed in capital cost cover land acquisition (R&R) and development but omit expenses for diversion of forest land, such as compensatory afforestation, the Catchment Area Treatment plan and NPV of diverted forest land, which are unavoidable under present laws for hydro and pumped storage projects. Expenses towards compensatory afforestation, implementation of CAT plan and NPV of diverted forest land shall also be included in the capital cost of new generating stations.	
Regulation 84 – Renovation, Modernization and Uprating (RMU)				
485	84.1	**KSEB Engineers' Association**	They submitted that the mandatory RLA studies through independent agencies involve substantial upfront costs for non-destructive testing, turbine runner stress analysis and core insulation testing. Add proviso: "Provided that all expenses incurred on Residual Life Assessment (RLA) studies, technical audits, and Detailed Project Reports (DPR) for RMU schemes shall be capitalized and added to the project capital cost upon implementation, or allowed as a one-time pass-through in ARR if the plant is recommended for retirement based on the RLA findings."	KSEB Ltd may propose all these expenses as part of the tariff petition.
486	84.5	**KSEB Engineers' Association**	They submitted that deducting the accumulated depreciation without considering the written-down value of prematurely replaced assets penalises the utility when early RMU is mandated for grid safety, dam safety or efficiency upgrades. Add: "Provided that in cases where equipment is replaced prior to the completion of its useful life due to mandatory safety or grid stability requirements, the remaining unrecovered book value of such replaced assets shall be capitalized or allowed as a one-time pass-through cost after prudence check."	The proposal is not in line with the statutory provisions.
487	84.6	**HT & EHT Association**	They submitted that Regulation 84.6 should be deleted so that expenditure on dam rehabilitation and associated works is not automatically capitalised or allowed for recovery through ARR. Delete Regulation 84.6.	Expenditure on dam rehabilitation and improvement is a genuine expense required for the safe upkeep and operation of the dams, and will be allowed only after prudence check. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 85 – Petition for determination of generation tariff for existing and/ or new generating station or generating unit				
488	85.12	**KSEB Officers' Association**	They submitted that when actual capital cost deviates from the approved provisional cost, excess collections are refunded with interest at 1.20 times while under-recoveries are recouped at only 0.80 times the weighted average interest rate (Regulations 85.12 and 85.13). Link the interest adjustment to the nature and controllability of the variation: retain 1.20 times for unjustified excess recovery attributable to over-estimation, and allow genuine, uncontrollable and prudently incurred capital cost overruns at 1.00 times the applicable weighted average interest rate, subject to prudence check and transparent verification.	Noted.
489	85.13	**KSEB Officers' Association**	They submitted that Regulation 85.13, which deals with actual capital cost exceeding the approved cost, erroneously refers to the shortfall in tariff corresponding to a 'decrease in capital cost'. Redraft Regulation 85.13 to clearly specify the additional tariff recovery attributable to the admitted cost overrun together with the applicable interest adjustment, replacing 'decrease in capital cost' with 'increase in actual capital cost' or 'capital cost overrun', as applicable.	Regulation 85.13 has been modified to refer to the shortfall in capital cost, in place of the words ‘decrease in capital cost’.
Regulation 86 – Norms of Operation for Hydro-electric generating stations of KSEB Ltd				
490	86 / 87 / 88.4 / 3(92)	**KSEB Ltd**	They submitted that while NAPAF is specified and Reg. 88.4 provides for recovery of fixed charges based on PAFM/PAFY vis-a-vis NAPAF, the detailed methodology/formula for computing actual PAFM and PAFY is not specified in Chapter VIII; only a general definition of PAF is given in Reg. 3(92). Specify the methodology/formula for computation of PAFM and PAFY, separately wherever necessary for hydro and thermal generating stations.	The prevailing industry practices will be followed.
491	86	**HT & EHT Association**	They supported Regulation 86 insofar as it deletes the 'deemed generation' provision as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
492	86.1	**KSEB Officers' Association**	They submitted that the NAPAF norms for hydro stations do not classify monsoon drought or low water inflows as uncontrollable factors/force majeure under Regulation 10.1, unfairly penalising hydro generators for weather variations, and that NAPAF should distinguish between plant availability and hydrological availability. Incorporate an explicit mechanism treating hydrological shortfalls as an uncontrollable factor/force majeure, or adjust NAPAF based on design energy and actual monthly inflow data.	For the purpose of NAPAF, the availability of the machines is considered, and not the generation. Hence hydrological shortfalls do not affect the NAPAF.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
493	86.2	**KSEB Engineers' Association**	They submitted that the normative auxiliary consumption for hydro stations ranges from 0.7% to 1.3%, whereas underground stations (e.g. Idukki/ Moolamattom) and stations older than 20 years with static excitation and continuous dewatering pumps require higher auxiliary power. Increase the allowable auxiliary consumption for such plants to 1.5%, based on metered data.	The auxiliary consumption norms are specified based on the data available with the Commission. Hence no change required.
Regulation 87 – Norms of Operation for thermal generating stations				
494	87	**Dr. Anand S R**	He submitted that the Brahmapuram and Kozhikode diesel power stations are virtually cost centres with practically no production. Consider closure of these stations, redeployment of manpower and utilisation of the space for storage plants.	Noted.
495	87	**HT & EHT Association**	They submitted that Note (i) to Regulation 87, under which NAPAF is worked out on availability during peak hours (18:00–24:00 hrs) only, should be deleted and NAPAF computed as per the normative provisions of the CERC Tariff Regulations, under which NAPAF is specified for the station as a whole at 85% for thermal generating stations. Delete Note (i) to Regulation 87 and compute NAPAF as per the CERC normative provisions (85% for thermal stations, for the station as a whole).	The CERC Tariff Regulations do not specify the NAPAF for diesel generating stations, and hence the same is not included.
496	87	**HT & EHT Association**	They requested retention of the norms of operation for thermal generating stations, including NAPAF, auxiliary energy consumption, station heat rate, specific fuel oil consumption and secondary fuel oil consumption, for new thermal and gas based generating stations. Retain the norms of operation for new thermal and gas based generating stations (NAPAF, AEC, SHR, specific and secondary fuel oil consumption).	
Regulation 88 – Components of the tariff				
497	88	**HT & EHT Association**	They submitted that Regulation 88 prescribes no methodology for computing the fixed/capacity charge and energy charge for thermal generating stations and only addresses the energy charge for liquid fuel stations. Retain provisions for the two-part tariff structure for gas/liquid fuel based thermal generating stations as specified in Regulation 43(2) of the MYT Regulations, 2021.	As per the proviso to Regulation 88.1(ii), the methodology specified by the Central Commission will be applicable, till such time the Commission specifies the methodology.
Regulation 90 – Operation and Maintenance expenses of Generators. –				
498	90 / Annexure 10	**KSEB Ltd**	They submitted that the FY 2024-25 base-year O&M of SBU-G does not include the full O&M of Pallivasal Extension and Thottiyar stations, approved only at 75% of the normative O&M of 5-25 MW SHEPs rather than 4% of project cost, and excludes the O&M of Kakkayam and Peruthenaruvi SHEPs.	The O&M expenses of Pallivasal Extension and Thottiyar HEPs can be examined as part of the ARR petition, if

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Modify the base-year O&M of SBU-G to account for the full O&M of Pallivasal Extension and Thottiyar HEPs and include the O&M of Kakkayam and Peruthenaruvi SHEPs.	KSEB Ltd submits all the necessary and sufficient details.
499	90	**HT & EHT Association**	They supported Regulation 90 insofar as it deletes the provision for recovery of the annual pension contribution to the Master Trust through computation of O&M expenses as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
500	90.1	**KSEB Engineers' Association**	They submitted that routine O&M expenses are capped at normative limits, whereas reservoir desiltation, catchment area treatment and statutory Dam Safety Rehabilitation and Improvement Project (DRIP) mandates are recurring statutory activities and not isolated special events requiring separate petitions. Add proviso: "Provided further that expenditure incurred towards statutory dam safety compliance, seismic monitoring enhancement, and reservoir desiltation shall be considered as legitimate operational pass-through costs in the Annual Performance Review (APR)."	Regulation 90.1 may be read harmoniously with Regulation 84.
Regulation 91 – Incentive for Achieving Performance for Generation Business				
501	91	**KSEB Officers' Association**	They supported the objective of promoting operational efficiency and improved generation performance, but submitted that the absence of a specified KPI index and methodology may create uncertainty regarding how performance will be evaluated and incentives determined during the Control Period. Prescribe in the Regulations the KPI index, parameters, weightages, benchmarks and incentive calculation methodology for the entire Control Period, with appropriate normalisation/exclusion of factors beyond the control of the generating utility, including hydrological conditions and grid restrictions.	Noted.
Regulation 94 – Incentive for early commissioning				
502	94	**HT & EHT Association**	They submitted that Regulation 94 newly permits retention of one-third of net savings in power purchase cost and a 10% incentive for pre-COD generation by eligible IPPs and RE projects; both are payments over the approved tariff that burden consumers and have no counterpart in the CERC Tariff Regulations. Delete Regulation 94.	Considering the necessity to promote investment in generation, the incentive provision is provided. Hence no change required.
503	94.2	**KSEB Ltd**	They submitted that, since Reg. 81.1 places RE tariff under the KSERC (Renewable Energy and Related Matters) Regulations, 2025, a separate early-commissioning incentive for RE projects	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			in Chapter VIII creates inconsistency, and any incentive for RE projects should be governed by the RE Regulations and the approved PPA. Delete the words 'including Renewable Energy projects' from the provision.	
504	94.2(i)	**KSEB Engineers' Association**	They submitted that a higher retention of savings would encourage faster execution of State projects and reduce expensive peak power purchases from external markets. Revise to allow the generation business to retain 50% (instead of one-third) of the net savings in power purchase cost for actual generation prior to SCOD.	
CHAPTER IX – ENERGY STORAGE SYSTEMS				
Regulation 96 – Applicability				
505	Chapter IX	**InSDES**	They submitted that, besides MW-scale BESS, kW-scale LT-level BESS is essential to address DT overloading, voltage rise in solar-dense areas and power quality issues; as consumers lack incentives to install storage, the distribution licensee must install 10-50 kW BESS at DT secondaries and LT feeders, but Chapter IX is oriented mainly to centralised MW-scale BESS. Incorporate enabling provisions in Chapter IX to promote LT-level BESS installation by the distribution licensee, including spreading out SBU-D O&M parameters to avoid undue weightage on DT MVA (as in the Annexure 10 comment).	Sufficient provisions are already provided in the Regulations. Any requirement that arises in due course can be examined at that time.
506	96.2(iii)	**HT & EHT Association**	They submitted that the Draft does not specify the methodology for determining the aggregate cost of electricity used for charging an integrated energy storage system, so that recovery of the supplementary energy charge is unclear where charging energy is drawn from different sources. Specify that the cost of electricity for an integrated ESS for supplementary energy charges shall be: the energy charge of the same generating station where sourced from its surplus generation; the energy charge of such other generating station where sourced from the share of the same beneficiaries; and the aggregate cost of electricity where sourced from another generating station or the market.	Under these Regulations, the Commission determines only the cost of storage services. The electricity required for charging is to be arranged by the beneficiary, as provided in Regulation 110.3.
507	96.3	**HT & EHT Association**	They supported Regulation 96.3 (tariff adoption of ESS) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
Regulation 97 – Special Provisions for Deployment and Operation of Battery Energy Storage Systems				
508	97	**BMAS (Kerala Chapter)**	They submitted that, given Kerala's evening peak deficit, decentralised small and medium commercial BESS installations below 50 kVA (retail shops, malls, theatres, hospitals, ATMs, fuel	The matter is not within the purview of the Tariff Regulations. The stakeholder may submit a specific proposal, with all

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			stations etc.) can shift critical loads away from the grid during the 6 PM–10 PM peak and reduce reliance on costly market purchases. Incentivise decentralised small-scale C&I BESS installations below 50 kVA, with simplified eligibility criteria and a transparent incentive mechanism.	the necessary details, before the Commission for examination and appropriate consideration.
509	97	**HT & EHT Association**	They welcomed demand management through BESS and submitted that industrial consumers can support peak management, but charging a consumer's BESS during solar or off-peak hours is reflected as additional maximum demand, imposing a burden that makes such projects financially unviable. Exempt demand charges for consumers with BESS up to the BESS capacity, subject to a maximum of 30% of the contract demand; and the Commission to issue the detailed procedures, accounting mechanism and charges payable to the distribution licensee for community-based energy storage services.	Noted.
510	97.1	**HT & EHT Association**	They supported Regulation 97.1 (community/collective ESS) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
511	97.3	**KSEB Ltd**	They pointed out a cross-reference error in Reg. 97.3: the references to Regulations 95.2 and 95.3 are not correct. Correct the cross-reference.	The cross-reference has been corrected to Regulations 96.2 and 96.3.
512	97.3	**InSDES**	They submitted that the reference to Regulations 95.2 and 95.3 is erroneous. Correct the references 95.2 and 95.3 as 96.2 and 96.3.	The cross-reference has been corrected to Regulations 96.2 and 96.3.
513	97.3	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads ESS "not covered under Regulations 95.2 (Deviation Charges) and 95.3". Regulations 97.1 (Community/ Collective Energy Storage Services) and 97.2 (ESS for Demand Response Programs)	The cross-reference has been corrected to Regulations 96.2 and 96.3.
514	97.3	**Shajudheen S**	He raised concern about the energy crisis faced by Kerala. Pay prosumers having BESS the same rate at which electricity is purchased from other States.	The tariff for peak hour support by ESS will be determined by the Commission under Regulation 97.3, based on the proposal of the distribution licensee.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 98 – Technical standards for BESS				
515	98	**BMAS (Kerala Chapter)**	They submitted that the framework should be technology-neutral at the system level, permitting fit-for-purpose LFP and lead-acid batteries based on application, safety, life cycle and cost, while prescribing minimum performance, safety, testing, installation, fire-protection, recycling and end-of-life requirements. Permit both LFP and advanced lead-acid batteries for small-scale BESS, subject to minimum standards for battery chemistry, BMS, electrical protection, fire safety, thermal management, installation quality, warranties and recycling.	The Regulations are technology neutral, and do not restrict the choice of battery technology.
516	98	**KSEB Officers' Association**	They submitted that reactive-power capability/support of BESS is technically relevant, but the tariff/compensation mechanism for this service is not clearly specified.	Noted.
517	98	**HT & EHT Association**	They supported Regulation 98 (technology standards for GFM-BESS) as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
518	98.1	**KSEB Ltd**	They submitted that the cross-reference in Reg. 98.1 to Regulations 95.2 and 95.3 appears incorrect and not relevant to the BESS provisions under Chapter IX, and that there is no Reg. 95.3 in the draft Regulations. Correct the cross-reference in Reg. 98.1.	The cross-reference has been corrected to Regulations 96.2 and 96.3.
519	98.1	**KSEB Ltd**	They submitted that mandating grid-forming (GFM) capability for all BESS irrespective of capacity requires reconsideration, as the CEA Technical Standards (Amendment) Regulations, 2026 and CEA's clarification prescribe GFM only for BESS of 50 MW and above; mandating it for small BESS would raise costs, affect viability and restrict bidder participation, and at LT/distribution level would need anti-islanding and protection coordination requirements specified first. "The requirement of Grid Forming Inverters (GFM), including the capacity threshold and voltage level of applicability, shall be in accordance with the applicable CEA Technical Standards, Connectivity Regulations, advisories and amendments issued from time to time. GFM shall not be made mandatory for BESS below the capacity/voltage threshold prescribed by CEA unless specifically required based on system studies and approved by the Commission."	Regulation 98.1 has been modified to provide that Grid Forming Inverters shall be mandatory only for BESS having capacity more than that notified by the Commission from time to time.
520	98.1	**Domestic On-Grid Solar Prosumers Forum**	They submitted that the draft provides for grid-forming inverters for large BESS but offers no guidelines or incentive framework for small domestic rooftop prosumer battery storage, which would help the utility flatten the evening peak.	Regulation 97 provides for community/ collective energy storage services and separate tariff for peak hour support by ESS.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Introduce clear guidelines and an incentive framework to encourage prosumer-level/decentralised domestic energy storage.	
521	98.1	**InSDES**	They submitted that the reference to Regulations 95.2 and 95.3 in 98.1 is erroneous, and further that insisting on Grid Forming Inverters for all BESS would be expensive for LT-level BESS. Correct the references 95.2 and 95.3 as 96.2 and 96.3; make GFM optional rather than mandatory for LT-level BESS.	The cross-reference has been corrected to Regulations 96.2 and 96.3. Regulation 98.1 has been modified to provide that Grid Forming Inverters shall be mandatory only for BESS having capacity more than that notified by the Commission from time to time.
522	98.1	**KSEB Pensioners' Association**	They submitted that mandatory Grid Forming Inverters should not apply to all BESS projects. Mandate Grid Forming Inverters only for BESS of 50 MW and above; allow a choice of grid-following or grid-forming inverters for capacities below 50 MW.	Regulation 98.1 has been modified to provide that Grid Forming Inverters shall be mandatory only for BESS having capacity more than that notified by the Commission from time to time.
523	98.1	**KSEB Officers' Association**	They submitted that mandating Grid Forming (GFM) inverters for all upcoming BESS projects should be aligned with the applicable CEA requirements and that the Regulation relies solely on qualitative specifications. Make GFM capability mandatory initially for BESS projects of 50 MW and above, in alignment with applicable CEA requirements, prescribing GFM for smaller projects only where justified by a system-level technical assessment; and incorporate quantitative, testable performance parameters and CEA/GRID-INDIA-compliant testing and verification requirements.	
524	98.1	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads BESS projects "covered under Regulations 95.2 and 95.3". Correct ESS provision to be specified (Regulation 96/97)	The cross-reference has been corrected to Regulations 96.2 and 96.3.
Regulation 99 – Capital cost of ESS				
525	99(v)	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads initial spares ceiling "specified in Annexure 7" (Guidelines for Provisional clearance of Investment schemes). Annexure 8 (Ceiling norms for the Capitalized Initial Spares)	The cross-reference has been corrected to Annexure 8.
526	99(vi)	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads additional capitalisation "under Regulation 24" (Capital cost and capital structure). Regulation 25 (Additional capitalisation)	The cross-reference has been corrected to Regulation 25.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 100 – Prudence check of Capital cost				
527	100	**HT & EHT Association**	They supported Regulation 100 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
Regulation 101 – Capital Structure				
528	101.1	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads debt-equity ratio "in accordance with Regulation 26" (Interest during construction (IDC)) in Regulations 101.1 and 101.2. Regulation 28 (Debt-Equity ratio)	The cross-reference has been corrected to Regulation 28.
Regulation 102 – Petition for determination of Tariff for ESS				
529	102	**HT & EHT Association**	They supported Regulation 102 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
530	102.10	**KSEB Officers' Association**	They submitted that the draft prescribes Base Rate + 150 basis points for both upward and downward capital-cost adjustments of ESS. Consider differentiated treatment based on the nature and controllability of the deviation, with a lower interest adjustment for prudently incurred and uncontrollable cost overruns and a higher adjustment for unjustified excess recovery.	Noted.
Regulation 103 – Operating Parameters for ESS				
531	103	**InSDES**	They submitted that the operating parameters stipulated in Regulation 103 may not suit LT-level BESS. Reconsider the stipulation of operating parameters in the case of LT-level BESS.	Noted.
532	103	**HT & EHT Association**	They submitted that Regulation 103 prescribes benchmarks for round-trip efficiency and availability but no normative auxiliary energy consumption, which affects net energy output and tariff and may lead to inconsistency across projects. Insert: "103.7 Auxiliary Energy Consumption,- Auxiliary Energy Consumption of ESS (AECess) shall be 5% of the input energy supply to an energy storage system."	As per the definition of 'Round trip efficiency of Battery Energy Storage System' in Regulation 3(105), the Round-Trip Efficiency includes the auxiliary consumption. Hence a separate norm for auxiliary consumption is not required.
533	103.1	**KSEB Ltd**	They submitted that the prescribed 85% RTE requires flexibility and clarity on the measurement boundary and treatment of auxiliary consumption, as RTE varies with battery chemistry and a	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			rigid benchmark may become obsolete, referring to the CERC Tariff Regulations, 2021 which define RTE as the higher of 85% or actual during the month. For smaller BESS (especially at LT level) where separate metering of auxiliary consumption is not practicable, RTE may be measured including auxiliary consumption; for larger BESS with separately metered auxiliaries (EMS/PCS, control room and yard loads), auxiliary consumption may be accounted separately and excluded from RTE.	
534	103.2(i)	**KSEB Engineers' Association**	They submitted that continuous battery management system diagnostics, routine cell voltage balancing, state-of-health calibration and mandatory safety cooling shutdowns reduce practical annual availability, and the CERC framework also adopts 90%. Set the Normative Annual Availability of BESS at 90% instead of 95%.	The normative availability is computed with reference to the energy scheduled by the beneficiary. Hence no modification required.
535	103.3	**KSEB Ltd**	They submitted that a uniform 90% DoD for all BESS may not be appropriate, as optimum DoD depends on battery chemistry, duty cycle, degradation characteristics and OEM warranty conditions, and a uniform value may adversely affect battery life and lifecycle cost.	The normative Depth of Discharge has been specified in line with the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2026.
536	103.4	**Dr. Anand S R**	He submitted that battery degradation of 1% per annum is highly aggressive and effectively requires extra battery capacity, which may increase the cost of BESS, and that a lenient approach is optimum as battery costs may come down with further technology changes. Specify battery degradation at, say, 2% per annum.	Regulation 103.4 has been modified, in line with the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2026, to specify the battery degradation at 2% per year.
537	103.4	**KSEB Engineers' Association**	They submitted that under the double-cycling daily operation required for morning and evening peak support, Lithium-ion/ LFP chemistry degrades at 2.0% to 3.0% annually; the CERC regulation provides an annual degradation cap of 2%, subject to review every three years. Specify a normative battery pack degradation rate of 2.5% per year of installed capacity instead of 1%.	
538	103.4	**KSEB Officers' Association**	They submitted that the uniform 1% annual BESS degradation in Regulation 103.4 requires reconsideration, as KSEB Ltd's 125 MW/500 MWh Mylatti BESS has 2.5% contractual annual degradation and KSERC's 2025 draft RE Regulations proposed up to 2.5%, and that the draft does not specify how the normative rate relates to the project-specific rate under Regulation 102.2(vi) and contractual obligations. Harmonise the degradation methodology across the Commission's regulations or provide a clear technology-based justification for the proposed 1% norm.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
539	103.5	**KSEB Ltd**	They submitted that 'rated capacity' in the ramp-rate provision (75% of rated capacity per minute) is ambiguous, because Reg. 3(99) defines rated capacity of BESS in kWh/MWh, whereas ramp rate is a change in power (MW) per unit time. Clarify that the ramp rate is 75% of rated MW power capacity per minute, if that is the Commission's intention.	Regulation 103.5 has been modified to specify the ramp rate as 75% of the capacity in MW per minute.
Regulation 104 – Depreciation				
540	104	**KSEB Ltd**	They pointed out that Reg. 104 refers to Regulation 28, which deals with Debt-Equity Ratio, whereas depreciation is dealt with in Regulation 29. Replace the reference to Regulation 28 with Regulation 29.	The cross-reference has been corrected to Regulation 29.
541	104 / 3(133)	**KSEB Ltd**	They submitted that the overall useful life of BESS is specified as 15 years in Reg. 3(133), whereas Reg. 104 prescribes 12 years for the battery pack and 25 years for the Balance of System. The Regulations should clearly explain how the overall 15-year BESS life operates when its components have lives of 12 and 25 years, particularly for depreciation, replacement of battery packs, residual value and tariff recovery.	Regulation 104 has been modified, in line with the CERC (Terms and Conditions of Tariff) Regulations, 2024, to specify the useful life of the battery pack as 15 years, consistent with the useful life of BESS specified in Regulation 3(133).
542	104	**KSEB Ltd**	They submitted that a uniform 12-year depreciation life for batteries may be conservative, as it corresponds to only about 4,380 cycles at one cycle per day, whereas under the Ministry of Power VGF scheme for BESS, States including Kerala retain the contractual right to utilise at least 6,300 cycles during the contract period.	
543	104	**KSEB Officers' Association**	They acknowledged that Regulation 104 appropriately splits BESS useful lives (12 years for battery pack, 25 years for Balance of System), but submitted that the proviso barring recovery at any subsequent stage of depreciation disallowed due to lower availability creates financial stranding risks. Modify Regulation 104 so that normative BESS availability reflects technology-specific battery degradation and warranty conditions, and depreciation disallowed due to such recognised degradation or other uncontrollable availability shortfalls is recoverable over the remaining useful life, subject to prudence check.	Noted.
544	104	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads depreciation "as specified in Regulation 28" (Debt-Equity). Regulation 29 (Depreciation)	The cross-reference has been corrected to Regulation 29.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
545	104	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads useful life "specified in Regulation 2" (Control Period and Scope of the Regulations) in the first proviso. Regulation 3 (Definitions)	The cross-reference has been corrected to Regulation 3.
546	104	**HT & EHT Association**	They pointed out that Regulation 104 refers to Regulation 28 for depreciation, whereas depreciation is specified in Regulation 29. Replace "Regulation 28" with "Regulation 29" in Regulation 104.	The cross-reference has been corrected to Regulation 29.
Regulation 105 – Interest on Loan Capital				
547	105.1	**KSEB Ltd**	They pointed out that Reg. 105.1 refers to Regulation 31, which relates to Interest on Working Capital, whereas interest/finance charges are dealt with under Regulation 32. Correct the cross-reference to Regulation 32.	The cross-reference has been corrected to Regulation 32.
548	105.1	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads interest on loan "in accordance with Regulation 31" (Interest on working capital). Regulation 32 (Interest, Finance charges and Carrying cost)	The cross-reference has been corrected to Regulation 32.
549	105.1	**HT & EHT Association**	They pointed out that Regulation 105.1 refers to Regulation 31 for interest on loan capital, whereas it is specified in Regulation 32. Replace "Regulation 31" with "Regulation 32" in Regulation 105.1.	The cross-reference has been corrected to Regulation 32.
550	105.2	**KSEB Ltd**	They pointed out that Reg. 105.2 refers to Regulation 25, which relates to Additional Capitalisation, whereas Interest During Construction is dealt with under Regulation 26. Correct the cross-reference to Regulation 26.	The cross-reference has been corrected to Regulation 26.
551	105.2	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads IDC "in accordance with Regulation 25" (Additional capitalization). Regulation 26 (Interest during construction)	The cross-reference has been corrected to Regulation 26.
552	105.2	**HT & EHT Association**	They pointed out that Regulation 105.2 refers to Regulation 25 for interest during construction, whereas it is specified in Regulation 26. Replace "Regulation 25" with "Regulation 26" in Regulation 105.2.	The cross-reference has been corrected to Regulation 26.
Regulation 106 – Interest on Working Capital				
553	106.1	**HT & EHT Association**	They submitted that the components of working capital for ESS in Regulation 31.8 differ from those in Regulation 106.1, leaving the applicable norms uncertain.	Regulation 106.1 has been modified to refer to Regulation 31.8.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Clarify the applicable working capital norms for ESS projects, reconciling Regulations 31.8 and 106.1.	
554	106.2	**KSEB Ltd**	They pointed out that Reg. 106.2 refers to Regulation 30, which relates to Return on Equity/NFA, whereas Interest on Working Capital is Regulation 31. Correct the cross-reference to Regulation 31.	The cross-reference has been corrected to Regulation 31.
555	106.2	**KSEB Officers' Association**	They pointed out that Regulation 106.2 refers to Regulation 30 for the rate of interest on working capital, whereas the relevant provision is Regulation 31.9. Refer specifically to Regulation 31.9 and apply to ESS the same methodology suggested in the comment on Regulation 31.9 (MCLR + 325 basis points or empirical basis).	Regulation 106.2 has been modified to refer to Regulation 31.
556	106.2	**HT & EHT Association**	They pointed out that Regulation 106.2 refers to Regulation 30 for the rate of interest on working capital, whereas it is specified in Regulation 31. Replace "Regulation 30" with "Regulation 31" in Regulation 106.2.	The cross-reference has been corrected to Regulation 31.
Regulation 107 – Operation and Maintenance Expenses				
557	107.1	**InSDES**	They submitted that O&M expense for BESS at 1% of capital expenditure may not be suitable for LT-level BESS. Arrive at O&M cost in Rs/MWh of BESS installed and allow it in ARR over and above normative O&M expenses; once LT-level BESS takes off in 2027-32, consider LT BESS capacity (MWh) as an O&M norm parameter in the following control period.	Noted.
558	107.1(i) & 107.2	**KSEB Engineers' Association**	They submitted that proprietary BMS software licensing, remote diagnostic subscriptions and specialised OEM extended maintenance contracts exceed 1% of capital expenditure, and capping the truing up at the lower of actual or normative penalises legitimate maintenance spend; the CERC framework provides 2%. Set normative O&M expenses for BESS at 2% of capital expenditure under Regulation 107.1(i), and amend Regulation 107.2 to allow actual O&M expenses on truing up subject to prudence check.	Regulation 107.1 has been modified to specify the normative O&M expenses of BESS at 2% of the capital expenditure.
559	107.2	**KSEB Ltd**	They objected to allowing the lower of actual or normative O&M expenses for ESS at true-up, submitted that the word 'together' in the provision is unclear, and stated that major battery augmentation/replacement should be treated separately rather than as routine O&M. The provision allowing lower of actual or normative O&M for ESS may be deleted; in any case, the wording should clearly state whether the lower of actual and normative O&M is to be allowed, and major battery augmentation/replacement should be treated separately from routine O&M.	The normative O&M expenses of BESS have been enhanced to 2% of the capital expenditure, and the expenditure on replacement of battery modules is separately provided under Regulation 107.3.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Regulation 108 – Components of Tariff of ESS				
560	108.1	**KSEB Officers' Association**	They submitted that Regulation 108.1 does not clearly identify whether reactive-power support is separately compensated or included in the capacity charge.	Noted.
561	108.1(ii) / 110.1	**KSEB Ltd**	They submitted that Reg. 108.1(ii) provides incentive for energy supplied in excess of 80% of energy consumed, whereas Reg. 110.1 specifies normative cycle efficiency of BESS as 85%. Align Reg. 108.1(ii) with Reg. 110.1 so that incentive arises only for performance above the normative efficiency of 85%, and not above 80%.	Regulation 108.1(ii) has been modified to provide the incentive for energy supplied in excess of the norms specified under Regulation 110.
562	108.1(ii)	**KSEB Seniors Forum**	They pointed out an inconsistency in that Regulation 108.1(ii) provides an incentive for energy scheduled in excess of 80% of energy consumed, whereas Regulations 110.2 and 110.4 specify 85% for BESS and 75% for PSP respectively. Regulation 108.1(ii) may be modified to be in line with Regulations 110.2 and 110.4.	
Regulation 109 – Computation and Payment of Capacity Charge				
563	109.3	**KSEB Ltd**	They submitted that the formula uses 'Actual Injection or Drawal MWh (A)', but the definition of MWh(A) describes it as the 'Agreed Despatch Schedule', while MWh(B) is also described as the despatch schedule provided by the beneficiary; thus A and B effectively represent two schedules rather than actual and scheduled energy. Correct the variables and formula and clearly specify the intended availability methodology.	Regulation 109.3 has been modified to clarify that MWh(A) is the actual injection or drawal and MWh(B) is the despatch schedule provided by the beneficiary.
564	109.3	**KSEB Ltd**	They submitted that the availability calculation is expressly hard-coded on the 15-minute time block. Align it with the applicable Grid Code/scheduling framework as amended from time to time, rather than permanently hard-coding 15 minutes, so that the Regulation remains workable if scheduling/accounting intervals change.	The time block of 15 minutes is as per the prevailing Grid Code. Any change in the scheduling interval will be considered as and when required.
565	109.4	**KSEB Ltd**	They pointed out that in the formula for CC12 the draft uses EAFM11 instead of EAFM12, as a result of which the twelfth-month availability would not be considered in the annual capacity-charge settlement. Correct EAFM11 to EAFM12 in the formula for CC12.	The formula for CC12 in Regulation 109.4 has been corrected.
566	109.4	**KSEB Ltd**	They submitted that a BESS can be technically available in MW terms but have insufficient stored energy/state of charge (SOC) to sustain the contracted discharge duration. Specify separate treatment for MW and MWh capability, so that availability captures both power availability (MW) and usable energy availability (MWh/duration), with responsibility for	For the time being, the availability is considered with reference to the energy scheduled.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			inadequate SOC allocated depending on whether the charging schedule/energy was provided by the beneficiary.	
567	109.4	**KSEB Officers' Association**	They submitted that Regulation 109.4 does not clarify whether availability/performance of reactive-power capability forms part of the availability criterion for the monthly capacity charge.	Noted.
Regulation 110 – Incentive for Cycle Efficiency above Normative Cycle Efficiency				
568	110	**KSEB Officers' Association**	They submitted that Regulation 110 is specifically a cycle-efficiency incentive and not a reactive-power incentive, and that the treatment of reactive power support by ESS is not specified. Clearly specify, particularly under Regulations 108 to 110, the treatment of reactive power support, the applicable metering and measurement methodology, eligibility for compensation, and whether such service is included in or separately compensated from the capacity charge.	Noted.
569	110	**HT & EHT Association**	They supported Regulation 110 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
Regulation 112 – Demonstration of Ramp Rate Capability				
570	112	**HT & EHT Association**	They supported Regulation 112 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
Regulation 113 – Other Income				
571	113	**HT & EHT Association**	They supported Regulation 113 as proposed in the draft Regulations and requested that it be retained. Retain as proposed	Noted.
Regulation 114 – Incentive for early commissioning				
572	114	**HT & EHT Association**	They submitted that no incentive for early commissioning is provided under the CERC Tariff Regulations or other States' MYT Regulations, and that Regulation 114 may burden beneficiaries without any assessment of actual benefit to the system. Reconsider the proposed incentive for early commissioning of ESS.	The incentive is provided to promote investment in ESS. Hence no change required.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
573	114.2	**KSEB Ltd**	They submitted that the incentive for early commissioning of ESS is linked to 'net savings in power purchase cost', which is not defined, and the incentive computation may therefore be disputed. Expressly define 'net savings in power purchase cost', including treatment of charging-energy cost, transmission/losses, RTE losses and alternative power-purchase cost.	Noted.
ANNEXURES				
Annexure 2 – Formula for calculating Cross Subsidy Surcharge				
574	Annexure 2	**KSEB Ltd**	They submitted that, as per the Supreme Court order in Civil Appeal Nos. 4653-4659 of 2024, cross subsidy surcharge and additional surcharge are applicable to Railways, whereas the draft Regulation specifies that cross subsidy surcharge is not applicable to Railways. Correct the provision to make cross subsidy surcharge applicable to Railways.	The proviso relating to exemption of Railways from cross subsidy surcharge has been deleted, in line with the judgment of the Hon'ble Supreme Court.
575	Annexure 2	**HT & EHT Association**	They submitted that the second proviso in Annexure 2 should cap the surcharge at 20% of the average cost of supply (ACoS) rather than of the tariff applicable to the category of consumers seeking open access, in accordance with Clause 13 of the Electricity (Amendment) Rules, 2022. "Provided further that the surcharge shall not exceed 20% of the ACoS." (replacing "tariff applicable to the category of consumers seeking open access").	The stipulation is in line with the National Tariff Policy, 2016 notified by the Government of India.
576	Annexure 2	**HT & EHT Association**	They submitted that exemption of Railways from cross-subsidy surcharge is no longer valid on account of the Hon'ble Supreme Court Judgment regarding the deemed distribution licensee status granted to the Railways. Delete the fourth proviso in Annexure 2 ("Provided also that the Commission in consultation with the Government may exempt levy of cross subsidy surcharge on Railways …").	The proviso relating to exemption of Railways from cross subsidy surcharge has been deleted, in line with the judgment of the Hon'ble Supreme Court.
Annexure 3 – Formula for Computation of FPPAS				
577	Annexure 3	**WRI India**	They submitted that Term D of the Annexure 3 formula includes actual inter-State and intra-State transmission charges, whereas intra-State charges are determined in advance by the Commission (Regulations 73 and 74) and for KSEB Ltd relate to its own transmission SBU. Unless there is a compelling reason to expect unforeseeable variation, exclude intra-State transmission charges from the automatic monthly pass-through and deal with them only at true-up.	The formula is in line with the Electricity (Amendment) Rules, 2022 notified by the Ministry of Power, Government of India.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
Annexure 5 – Computation of Mean Time Between Failure				
578	Annexure 5	**KSEB Ltd**	They pointed out that the applicability of Annexure 5 (computation of MTBF) is not included in the body of the Regulations.	The formula is provided for future guidance and monitoring.
Annexure 6 – Depreciation Schedule				
579	Annexure 6	**KSEB Seniors Forum**	They submitted that Annexure 6 specifies depreciation schedules 6(a) for existing projects and 6(b) for new projects, and that the depreciation rate for plant and machinery for new projects is reduced from 5.28% to 4.22%, which will delay cost recovery by at least 3 years. A depreciation rate of 5.28% for plant and machinery may be fixed for new projects also.	The depreciation rates for new projects in Annexure 6(b) are specified in line with the CERC (Terms and Conditions of Tariff) Regulations, 2024. Hence no change required.
580	Annexure 6(a)	**KSEB Ltd**	They submitted that the depreciation provided for 'Batteries in Grid Scale BESS' in Annexure 6(a) is not correct.	The depreciation rate for batteries in grid scale BESS is in line with the CERC (Terms and Conditions of Tariff) Regulations, 2024.
581	Annexure 6(b)	**KSEB Pensioners' Association**	They submitted that reducing the depreciation rate for plant and machinery of new generating stations from 5.28% to 4.22% will delay capital recovery and discourage investment in new projects. Retain the depreciation rate of 5.28% for new projects.	The depreciation rates for new projects in Annexure 6(b) are specified in line with the CERC (Terms and Conditions of Tariff) Regulations, 2024. Hence no change required.
Annexure 7 – Guidelines for Provisional clearance of Investment schemes				
582	Annexure 7	**Infopark Kerala**	They submitted that the monetary limit prescribed for exemption from DPR submission in the case of small licensees other than KDHPCL, TCED and CPT is not adequate, considering devaluation of currency. Enhance the ceiling limit for exemption from DPR submission to Rs 50 lakh in the case of small licensees and modify the clause accordingly.	The DPR limit for the other distribution licensees has been increased from Rs. 15 lakh in the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021 to Rs. 25 lakh, considering the increase in costs.
583	Annexure 7	**KPUPL**	They objected to the DPR/cost-benefit requirement for schemes exceeding Rs 25 lakh applicable to KPUPL (against Rs 15 crore for KSEBL and Rs 40 lakh for certain other licensees), stating that its growing industrial parks often need distribution works undertaken quickly and repeated detailed approvals for modest works can delay essential augmentation. (1) Increase the DPR threshold to Rs 50 lakh or another reasonable level; (2) permit annual consolidated reporting of schemes below the threshold; (3) permit emergency and safety works	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			with post-facto approval; (4) permit automatic inclusion of routine network augmentation within an approved CAPEX envelope.	
584	Annexure 7	**KSEB Officers' Association**	They submitted that DPR thresholds are inconsistent across businesses: for distribution (Regulation 39 + Annexure 7-D) DPR is required above ₹15 crore; for SLDC (Regulation 78) above ₹1 crore; while for transmission (Regulation 63), generation (Regulations 82–85) and ESS (Regulations 99–102) no DPR threshold is specified, with CIP approval mandatory for each transmission project. Prescribe reasonable DPR threshold limits separately for the generating business/company, ESSD, transmission business/licensee, distribution business/licensee and SLDC.	Annexure 7 has been modified to make the guidelines applicable to the generating business, ESSD, transmission business, distribution business and SLDC. The DPR limit for SLDC is specified in Regulation 78.2.
585	Annexure 7	**TCED**	They acknowledged the higher DPR threshold of Rs.40 lakh given to TCED but submitted that, considering the prevailing cost of distribution assets (a 500 kVA transformer exceeding Rs.10 lakh) and the need for emergency stock of critical equipment, it should be enhanced to reduce disproportionate procedural requirements. Enhance the DPR threshold applicable to TCED from Rs.40 lakh to Rs.1 crore.	The DPR limit for KDHPCL, TCED and CoPA has been increased from Rs. 25 lakh in the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021 to Rs. 40 lakh, considering the increase in costs.
586	Annexure 7	**WRI India**	They noted that Annexure 7 requires DPRs with cost-benefit analysis for schemes above thresholds and a least-cost plan, and expressed concern about splitting of works to stay below the DPR threshold (Rs 15 crore for KSEB Ltd). Require each scheme to present quantified technical and financial benefits, projected ARR impact, payback period and IRR, with true-up formats capturing actual outcomes against projections (giving effect to Regulation 23.3(ix)); require disclosure of all schemes below the threshold in an aggregated schedule, with the Commission examining patterns of similar works presented as separate schemes.	Annexure 7 already requires the works of a similar or related nature to be clubbed together and presented as a scheme, which addresses the concern of splitting of works.
587	Annexure 7.C 3(iii)	**KSEB Ltd**	They submitted that the provision referring to an independent identifiable project filed to a financial institution like REC, PFC etc., or for funding under the Revised Accelerated Power Development & Reform Program, should not be limited to that programme. Modify the provision to include all centrally funded schemes instead of the Revised Accelerated Power Development & Reform Program.	Annexure 7 has been modified to include the Centrally funded schemes.
588	Annexure 7.D(1)	**KSEB Ltd**	They submitted that the DPR limit is specified only for distribution licensees. Specify the DPR limit for transmission and generation also, in addition to distribution licensees.	Annexure 7 has been modified to make the guidelines applicable to the generating business, ESSD, transmission business, distribution

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
				business and SLDC. The DPR limit for SLDC is specified in Regulation 78.2.
Annexure 8 – Ceiling norms for Capitalized Initial Spares				
589	Annexure 8	**HT & EHT Association**	They submitted that Annexure 8 omits the words identifying the base for the ceiling, which appeared in Annexure 5 of the 2021 Regulations; a ceiling expressed as a percentage is meaningless unless the base is stated. Title Annexure 8 as: "Ceiling norms for the Capitalized Initial Spares (as percentage of the cost of the plant and machinery upto the cut-off date, such cost being the original project cost excluding interest during construction, incidental expenditure during construction, the cost of land and the cost of civil works)".	The title of Annexure 8 has been modified to specify the base, i.e., as percentage of the cost of the plant and machinery up to the cut-off date.
Annexure 10 – Methodology for Normative O&M Costs				
590	Annexure 10	**KSEB Ltd**	They submitted that the employee cost in the existing normative O&M base was determined on an employee strength of 27,175, whereas the Commission subsequently approved 30,321, and the proposed O&M computation contains no provision to give effect to this, so the lower strength would continue throughout the new Control Period. Normalise/rework the base employee cost corresponding to the approved strength of 30,321 before applying escalation and cost drivers, including impact of applicable pay revision and consequential employee-related expenses; include a parameter to capture per-employee cost when the employee count exceeds 27,175.	The business growth rate considered in the normative O&M takes into account the issues raised by the licensee.
591	Annexure 10	**KSEB Ltd**	They submitted that the existing Tariff Regulations, 2021 considered provisions for pay revision. Consider provision for pay revision and its arrears while determining O&M expenses under the proposed Regulations.	The expenses relating to pay revision are allowed separately under Regulation 15.5.
592	Annexure 10	**KSEB Ltd**	They submitted that adopting a single-year inflation rate as the escalation factor is not appropriate. Consider the last 5 years' average inflation rate instead of a single year.	The actual inflation will be considered during the truing up process.
593	Annexure 10	**KSEB Ltd**	They submitted that the CEA benchmarking guidelines apply the efficiency factor on actual O&M expenses of the past five years, whereas the draft SBU-D norms derive from FY 2024-25 trued-up values that are themselves based on norms from 2016-17; applying an efficiency factor on such norms would lead to under-recovery of genuine expenses. Remove the efficiency factor from the computation of O&M norms of SBU-D.	The efficiency factor is in line with the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
594	Annexure 10	**KSEB Ltd**	They submitted that KSEBL has filed an appeal before the Hon'ble APTEL challenging the KSERC order dated 16.02.2026 in OP No. 14/2024 granting licensee status to Kerala Rubber Limited, with an interim prayer to stay the order, posted for hearing on 16 November 2026. Issue the licensee status to Kerala Rubber Limited (in Annexure 10) only based on the outcome of the APTEL judgment.	The processing of the ARR of the licensee will be subject to the outcome of the appeal before the Hon'ble APTEL.
595	Annexure 10	**Dr. Anoop Singh, IIT Kanpur**	He submitted that efficiency parameters should be built into tariff as an incentive for continual improvement, e.g. O&M(t) = O&M(t-1) × (1 + Price Index(t)/ Price Index(t-1) − X(t)), where X is the annual target for efficiency improvement in O&M. Determine the X-factor through benchmarking studies (Data Envelopment Analysis) for each controllable cost parameter over the Control Period, keeping it conservative with reference to norms of other ERCs; link it to a target efficiency index such as availability for generation and transmission and SAIDI/ SAIFI for supply reliability; alternatively set norms for individual cost elements (employee cost, R&M, A&G); and notify the efficiency-factor trajectory in advance for each year of the Control Period.	Noted.
596	Annexure 10	**INTUC**	They raised concern that the parameters considered for O&M expenses have been reduced from five to three.	The cost drivers have been adopted after examining the performance of the parameters and their relevance to the O&M expenses, in line with the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority. Hence no change required.
597	Annexure 10	**Infopark Kerala**	They submitted that moving from flat annual escalation to benchmark-based parameters (efficiency factor, number of consumers, GFA etc.) may unfairly penalise utilities for uncontrollable regional expenses such as climate, urbanisation and Right of Way issues, and that linking O&M cost to consumer numbers may adversely affect small licensees with meagre consumer strength. Compute each component of O&M expenses on the basis of actual O&M expenses for the last five years; take the average as the O&M expense for the middle year and escalate it year on year using an escalation factor with CPI:WPI in a defined ratio for subsequent years. In addition, one-time expenditure such as recurring TOTEX expenses payable to executing agencies, arrears of salary, interim relief, one-time maintenance expenses of a special nature not in the form of routine repair and maintenance, and payment of statutory fees to the agencies concerned may also be considered in arriving at the O&M expenses of the respective years.	Noted.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
598	Annexure 10	**InSDES**	They noted that the hybrid approach involving a percentage of GFA suggested in the CEA guidelines has not been considered in Annexure 10 (with Reg. 50.1).	The Commission has adopted the appropriate methodology as per the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority.
599	Annexure 10	**InSDES**	They submitted that, unlike the CEA approach where the efficiency factor (1-2%) is applied on actual expenses, Annexure 10 applies it on trued-up expenses without specifying its percentage, that the formula appears erroneous even after the addendum, and that the CEA provision for a 0% efficiency factor where consumer growth exceeds 2% has not been considered. Specify the efficiency factor, correct the formula, and incorporate the CEA provision of a 0% efficiency factor where consumer growth exceeds 2%.	The formula has been adopted after due consideration of the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority, and the efficiency factor is computed taking FY 2026-27 as the base year.
600	Annexure 10	**InSDES**	They noted that HT/LT line length has been dropped and number of transformers replaced by transformer MVA capacity without explanation, and raised concern about the higher weightage to MVA capacity, since it could either reduce normative O&M if KSEB Ltd installs distributed BESS or discourage it from installing BESS - both undesirable outcomes. Continue the parameters of the Tariff Regulations 2021, replacing 'energy sales' with 'energy handled' and 'number of transformers' with 'MVA capacity of transformers', with equal weightage of 20% for all five parameters.	The cost drivers have been adopted after examining the performance of the parameters and their relevance to the O&M expenses, in line with the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority. Hence no change required.
601	Annexure 10	**InSDES**	They submitted that 'MVA capacity of distribution transformers' is an O&M parameter but 'distribution transformer' is not defined, leaving unclear whether a 33/11 kV transformer (especially a USS supplying 11 kV consumers) is a distribution transformer. Define 'distribution transformer' in the context of its use as a normative O&M parameter.	The benchmark figures provides necessary clarity.
602	Annexure 10	**InSDES**	They welcomed replacing 'energy sales' with 'energy handled' but submitted that 'energy handled' is not defined; the value used in Annexure 10 appears to be energy input from SBU-T to SBU-D, whereas energy input by prosumers, captive consumers and, in future, ESSDs is also handled by SBU-D. Define 'energy handled' to include energy input to SBU-D by prosumers, captive consumers and ESSDs, and recalculate the parameter Erb in Table 3 of Annexure 10 accordingly.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
603	Annexure 10	**InSDES**	They submitted that normative O&M expenses are derived from trued-up figures of base year 2024-25, whereas in the Tariff Regulations 2021 provision for pay revision was added to base-year (2018-19) normative O&M; the effect of the pay revision declared in 2021 does not appear in the 2024-25 normative O&M expenses used in Annexure 10. Calculate the effect of the 2021 pay revision on actual employee expenses of 2024-25 and add it to the 2024-25 normative expenses used to compute the normative parameter values for 2027-32.	Noted.
604	Annexure 10	**KPUPL**	They objected to the normative O&M methodology under Regulation 50.1 and Annexure 10 as likely to cause inadequate recovery for a small licensee, stating that the base-year O&M of Rs 275.45 lakh may not reflect actual requirements and the 0%-3% cap on business growth rate ignores KPUPL's actual growth (energy sales growth of 20-25% in recent years), risking progressive under-recovery. (1) Review and revise the base-year O&M of Rs 275.45 lakh; (2) enhance the business growth factor to at least 5% to 10% per annum based on actual growth in consumers, sales, connected load and network assets; (3) prescribe an adequate normative O&M allowance for KPUPL; (4) permit actual prudent manpower and statutory expenditure to be considered separately; (5) provide separately for extraordinary/additional O&M arising from statutory requirements, technology adoption, cybersecurity, smart metering and regulatory compliance; (6) permit actual O&M subject to prudence check where the norm demonstrably under-recovers; (7) alternatively, provide a flexibility/adjustment mechanism for significant deviations in growth of a small, expanding licensee.	The cost relating to additional licence area will be considered separately as per Regulation 50.3.
605	Annexure 10	**KSEB Engineers' Association**	They submitted that Annexure 10 apportions base-year Employee and A&G expenses of SBU-D across consumers (30%), DTR capacity (30%) and energy handled (40%) but ignores line length, although up to 60% of field effort in distribution goes into upkeep of HT and LT lines, and does not differentiate LT lines, which need higher maintenance than HT lines. Introduce distribution line length (HT and LT circuit km) as a fourth driver, with weightage of 20 : 25 : 35 : 20 for number of consumers, DTR capacity (MVA), total distribution line length (ckt-km) and energy handled (MU) respectively; and compute the line length driver as L = (1.0 × L(HT)) + (1.25 × L(LT)).	The cost drivers have been adopted after examining the performance of the parameters and their relevance to the O&M expenses, in line with the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority. Hence no change required.
606	Annexure 10	**KSEB Officers' Association**	They submitted that the Generation O&M base for existing assets as on 31.03.2025 does not appear to include the O&M requirement of the Pallivasal Extension Scheme (2×30 MW, 60 MW) and Thottiyar HEP (40 MW), which became operational during FY 2024-25. Include the O&M requirement of Pallivasal Extension Scheme and Thottiyar HEP from their respective dates of commercial operation.	The O&M expenses of Pallivasal Extension Scheme and Thottiyar HEP can be examined as part of the ARR petition, if KSEB Ltd submits all the necessary and sufficient details.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
607	Annexure 10	**KSEB Officers' Association**	They submitted that adopting the actual 2025-26 composite inflation uniformly for all years of the Control Period, with O&M treated as controllable (Regulations 10.2(vi) and 12.2), leaves KSEB Ltd bearing any rise in inflation. Provide expressly that O&M norms will be trued up using actual CPI:WPI inflation for each year.	The actual inflation will be considered during the truing up process. As per the Note under para 2(1) of Annexure 10, the inflation of FY 2025-26 is adopted uniformly only for the purpose of determination of ARR.
608	Annexure 10	**KSEB Officers' Association**	They submitted that SBU-G O&M is base-year cost escalated by inflation only, with no allowance for additional staffing for RMU works or new stations until commissioned, and that for SBU-T, bays, MVA and circuit-km are counted only at the beginning of the year. Count assets commissioned during the year on a pro-rata basis, and allow manpower for new stations and substations from the date of manning, not only from commercial operation.	Noted.
609	Annexure 10	**KSEB Officers' Association**	They submitted that linking SBU-D Employee and A&G cost only to number of consumers, energy handled and DT MVA (30:30:40) ignores workload drivers such as HT/LT line length, terrain, disaster restoration, RDSS and smart-metering work, and new statutory duties. Add circuit-km of HT and LT lines as a driver, and allow additional manpower approved for new statutory or scheme obligations outside the norm.	The cost drivers have been adopted after examining the performance of the parameters and their relevance to the O&M expenses, in line with the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority. Hence no change required.
610	Annexure 10	**KSEB Officers' Association**	They objected that the efficiency deduction ei = 0.20 × CFa grows with cumulative inflation, so that allowed Employee and A&G cost per unit stays below the 2024-25 nominal level for the whole Control Period and the cut increases with inflation, submitting that this appears to be a drafting error and that no further steep deduction is justified on an already trued-up, prudence-checked base of ₹3,321.81 crore. Delete the efficiency factor for employee expenses; in the alternative, fix it as a small annual percentage applied only to incremental inflation, e.g. ei = 0.20 × (CFa − 1), with a cap.	The formula for the efficiency factor was modified through the Addendum dated 08.09.2026, and has been further modified in the final Regulations, taking FY 2026-27 as the base year.
611	Annexure 10	**KSEB Officers' Association**	They pointed out a cross-reference error: the draft reads in para 2(4)(ii)(b), EAGb "as detailed in Table -2 above" (Table 2 is SBU-T). Table 1	The reference has been corrected to Table 1.
612	Annexure 10	**KSEB Officers' Association**	They pointed out a formula error: the draft reads in para 2(1)(ii), CFa written as a product from i = 1 to 7 for every year. Upper limit to run up to the relevant year (a)	The formula in Annexure 10 has been suitably modified, and the efficiency

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
				factor is computed taking FY 2026-27 as the base year.
613	Annexure 10	**KSEB Workers Association**	They sought transparency on the methodology for the employee strength data used for FY 2026–27 as the operational baseline, stating that any initial skew would distort employee expense allowance over the entire five-year control period. Disclose the calculation methodology for the employee strength baseline.	The base year employee expenses are as per the approved truing up for FY 2024-25, the details of which are available in the truing up order.
614	Annexure 10	**KSEB Workers Association**	They objected to reducing the O&M parameters to three (energy handled, number of consumers and transformer capacity), omitting distribution line length and the number of transformers, which are direct drivers of maintenance cost; this would limit the accuracy of O&M allowance and starve physical infrastructure of maintenance funds. Include line length (km) and number of transformer installations as O&M parameters.	The cost drivers have been adopted after examining the performance of the parameters and their relevance to the O&M expenses, in line with the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority. Hence no change required.
615	Annexure 10	**KDHPCL**	They submitted that adjusting O&M norms through a Business Growth Rate based on consumers, GFA and energy sales is unsuitable for KDHPCL, whose consumers and sales are volatile and depend on tea plantation operations, and that linking largely fixed employee and A&G costs to such variable parameters would penalise the licensee for factors beyond its control. Set a threshold limit beyond which the norms require adjustment, to protect licensees from undue year-on-year variances.	Noted.
616	Annexure 10	**KRL**	They submitted that the efficiency factor ei = 0.20 x CFa in Clause 3(3) of Annexure 10 makes the efficiency deduction rise mechanically with inflation rather than measurable efficiency improvement, keeping the inflation-adjusted component below base-year O&M despite rising costs, unlike the Maharashtra, Gujarat and Karnataka frameworks where inflation, consumer growth and efficiency are separate parameters. De-link the efficiency factor from the cumulative inflation factor and prescribe it as an independently determined parameter supported by measurable efficiency improvements, performance indicators or an appropriate efficiency study.	The formula for the efficiency factor was modified through the Addendum dated 08.09.2026, and has been further modified in the final Regulations, taking FY 2026-27 as the base year.
617	Annexure 10	**RPIPL**	They submitted that RPIPL's FY 2024-25 base-year O&M of Rs.144.81 lakh does not reflect the FY 2018-19 A&G expenditure revised by the Commission in the FY 2019-20 truing-up, which could not be given effect in the previous control period's norms; escalating the revised A&G	A uniform approach is specified by the Commission for all the licensees.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			gives a base-year O&M of Rs.159.72 lakh, and fixing the new base year is the appropriate opportunity to incorporate it. Take into account the revised FY 2018-19 A&G expenditure while determining the base-year (FY 2024-25) O&M expenditure, revising it from Rs.144.81 lakh to Rs.159.72 lakh by incorporating the revised normative A&G of Rs.37.22 lakh, and use Rs.159.72 lakh for determination of normative O&M for the control period commencing FY 2027-28.	
618	Annexure 10	**RPIPL**	They submitted that the volatility of consumer numbers, sales and GFA of smaller licensees recognised by the Commission warrants a safety valve in the normative formula, as one-off costs can materially affect a small licensee's O&M, and while welcoming Regulation 50.2 on one-time special O&M expenditure, pointed out that no similar provision exists for one-time Employee and A&G expenses. For small distribution licensees, add: "Where the normative O&M expense is demonstrably inadequate due to statutory requirements, extraordinary repairs, cyber-security requirements, safety compliance, increase in insurance cost, system automation/IT requirements or other circumstances beyond the reasonable control of the licensee, the Commission may allow the actual prudent expenditure over and above the normative amount after prudence check."	The requirements of the small licensees have been considered, and the provision for one-time O&M expenditure of a special nature is incorporated in Regulation 50.2.
619	Annexure 10	**RPIPL**	They submitted that Para 3(3) of Annexure 10 defines the growth factor using consumers, GFA and energy sales without specifying weightage, while Para 3(4) reckons it solely on consumer CAGR, rendering the other drivers ineffective; together with the 3% ceiling, normative O&M fails to reflect actual expansion, unlike KSEBL's SBU-T and SBU-D norms where drivers are taken at actual annual values. (1) Clarify Para 3(3) and 3(4) so that gi is determined considering all three growth drivers – number of consumers, GFA and sale of energy; (2) prescribe a clear methodology and appropriate weightage for combining the three CAGRs into a single gi; and (3) reconsider the 3% ceiling for smaller licensees and permit actual growth in the recognised cost parameters to be reflected where it demonstrably exceeds 3%, subject to prudence check.	Annexure 10 has been modified to reckon the business growth rate based on the number of consumers, sale of energy and GFA. The band of 0 to 3% is specified considering the volatility of the cost drivers of the licensees.
620	Annexure 10	**TCED**	They submitted that TCED is governed by para 3 of Annexure 10, under which the business growth rate is reckoned solely on consumer-count CAGR, whereas O&M requirements of a compact, highly urbanised, infrastructure-intensive system may increase even with stable consumer numbers, so consumer growth alone does not reflect actual cost drivers. Include, in addition to consumer growth, parameters such as gross fixed assets, energy handled, network length, transformer capacity, consumer density and other indicators of network intensification as growth parameters for O&M escalation of urban utilities such as TCED under Annexure 10, para 3.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
621	Annexure 10	**TCED**	They noted that the efficiency factor ei, as substituted by the Addendum dated 08.09.2026, is a compounded factor equal to the product of (1 - 0.2ai), ai being the CPI:WPI (70:30) weighted inflation of the ith year (i=1 being FY 2025-26), applied uniformly to all licensees other than KSEB Ltd., and submitted that it requires reconsideration. Reconsider the uniform efficiency factor ei applicable to all non-KSEB licensees and provide suitable calibration based on size, consumer density and efficiency already achieved.	The efficiency factor has been considered based on the Guidelines for Benchmarking of Operation and Maintenance Norms for Distribution Utilities issued by the Central Electricity Authority.
622	Annexure 10	**TCED**	They submitted that TCED is a relatively small urban utility with a significant fixed and semi-fixed cost structure, and the absence of a minimum O&M threshold under Annexure 10 para 3 may make the normative O&M allowance inadequate, particularly as consumer growth is likely to be low in its near-saturated urban service area. Prescribe a reasonable minimum O&M floor for small urban distribution licensees such as TCED, linked to gross fixed assets, network characteristics, consumer density or another objective parameter.	Other than the consumer growth, the sale of energy and GFA are also considered as drivers for the distribution licensees other than KSEB Ltd.
623	Annexure 10	**TCED**	They submitted that it is progressively implementing smart metering and digital infrastructure, and recurring expenditure on AMI/smart metering, HES, MDMS, communication infrastructure, cybersecurity, system integration, data management, software maintenance and other regulatory/digitalisation requirements will be continuing O&M expenditure, which the Annexure 10 para 3 methodology does not explicitly recognise. Separately recognise recurring expenditure arising from mandatory digitalisation and smart-metering infrastructure (AMI/MDMS, cybersecurity etc.), subject to prudence check, rather than requiring it to be accommodated within the general O&M escalation formula.	The adoption of new technology is expected to bring down the O&M costs.
624	Annexure 10	**WRI India**	They welcomed the normative, benchmark-based O&M approach in line with CEA Guidelines, but pointed out that the efficiency factor $e_i = 0.20 \times CF_a$, read literally, implies a deduction of more than 20% every year that grows with inflation, which appears to be an unintended drafting outcome. Clarify the intended formulation (e.g., applying the efficiency factor to the inflation component only, $e_i = 0.20 \times (CF_a - 1)$) after verifying against CEA Guidelines; clarify (i) whether inflation and growth parameters will be trued up to actuals, given the Note under para 2(1) proposes applying FY 2025-26 inflation uniformly, and (ii) the basis for the 30:30:40 weightage of consumers, energy handled and DTR capacity and the 0 to 3% band on growth rates for other licensees.	The formula for the efficiency factor was modified through the Addendum dated 08.09.2026, and has been further modified in the final Regulations, taking FY 2026-27 as the base year.
625	Annexure 10	**WRI India**	They noted that R&M expenses of SBU-D are allowed at a fixed 4% of opening GFA (Annexure 10, para 2(4)(iii)).	The details of R&M expenses are available in the truing up orders of the distribution licensees.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			Publish the historical ratio of R&M expenses to GFA supporting this percentage, clarify whether decapitalised and fully depreciated assets are excluded from the base, and consider linking R&M allowances to reliability outcomes over time.	
Annexure 11 – Formats				
626	Annexure 11	**WRI India**	They noted that Regulation 45.6 and Form D12 require time-block-wise reporting after the fact, but the MYT projection formats do not, preventing like-for-like comparison of projections and actuals. MYT projection formats (including Form D 3.1) should present procurement and costs by time zone or time block.	The time-block-wise estimates are examined as part of the Resource Adequacy Plan.
627	Annexure 11	**WRI India**	They noted that Annexure 11 does not include a dedicated FPPAS format. Add a month-wise FPPAS format to MYT and true-up formats showing FPPAS computed, category-wise FPPAS billed, amounts carried forward, cumulative and adjusted carry-forward, amounts not recovered due to missed timelines (58.4), differences between provisional and final bills (58.11), excess/under-recovery, and amounts remitted by other licensees (58.10).	Noted.
628	Annexure 11	**WRI India**	They noted that Annexure 11 has no distribution format for reliability indices, outages, transformer failures, electrical accidents or consumer complaints. Add such formats; require Licensees to report compliance with the Supply Code and Standards of Performance Regulations in specified formats as part of the MYT petition.	Noted.
Annexure 12 – Additional Disclosure Statements formats				
629	Annexure 12	**WRI India**	They welcomed the mandating of Additional Disclosure Statements under the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2025 as part of the financial statements (Regulations 3(58)(vii), 6.11(viii), 47.4 and Annexure 12), including the ACS-ARR gap and AT&C loss statements, as materially improving the reliability and comparability of tariff data.	Noted.
General comments				
630	General	**AKLWA**	They submitted that licences and rules need to be updated with the times so that market changes and benefits can be introduced, that cost-reduction measures should not shift the burden onto consumers when prices are already high, and that the core problem is the system's inability to adapt to or prepare for change. Update licensing and regulatory rules to keep pace with market changes.	The Regulations have been framed considering the latest developments in the sector, including the Rules notified by the Central Government.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
631	General	**AKLWA**	They submitted that solar generation is causing voltage fluctuations, with high voltage during daytime solar hours and sharp voltage drops during peak hours, leaving the grid in a vulnerable state. Add provisions now, with foresight, to address solar-related grid voltage issues.	The distribution licensee is required to propose capital investment for grid modernisation and network strengthening to support DER integration under Regulation 39.5, which will address such issues.
632	General	**AKLWA**	They submitted that consumers should be encouraged to charge EVs during the day using solar power, and that many institutions and managements wish to install chargers so that staff can charge while at work. Provide support, feasibility measures and incentives for daytime EV charging at homes, institutions and factories.	The ToD tariff under Regulation 19.6 provides for a lower rate during solar hours, which will encourage daytime EV charging.
633	General	**AKLWA**	They submitted that the KSEB limit of 100 kW for supply without HT connection discourages EV charging investors because of the HT initial cost and its impact on return on investment. Allow EV charging loads of up to 150 kW, or at most 200 kW, without HT supply, as done in Tamil Nadu and Karnataka.	The matter is governed by the Kerala Electricity Supply Code, 2014, and is beyond the scope of these Regulations.
634	General	**AKLWA**	They submitted that rules for line works and high-voltage works need attention; agency works were earlier plentiful but companies now execute works directly, while the need for EV-charging-related works has grown.	The matter relates to the operational aspects of the licensee, and is beyond the scope of these Regulations.
635	General	**AKLWA**	They submitted that iron poles and transformer yards are still built in the traditional way, licensees work under old rules, and KSEB, as a government institution, should lead the change. Modernise distribution infrastructure such as poles and transformer yards, with KSEB Ltd leading the change.	
636	General	**AKLWA**	They submitted that excess power generated during the daytime should be stored and used later. Store daytime surplus generation for later use.	Chapter IX provides the framework for Energy Storage Systems, which will facilitate storage of the daytime surplus for later use.
637	General	**BMAS (Kerala Chapter)**	They submitted that BESS should not suffer double taxation on power drawn for charging. Exempt BESS from electricity duty and cross-subsidy surcharge on power drawn strictly for storage charging, subject to appropriate metering and verification.	Noted.
638	General	**BMAS (Kerala Chapter)**	They recommended measures to support MSME participation in BESS manufacturing and deployment.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
			State-level VGF of up to 25% for sub-50 kVA BESS; minimum 25% domestic MSME procurement preference; MSME-friendly payment terms; single-window registration/ empanelment and 14-day digital approval for systems below 50 kVA; standard technical specifications and model tenders; reserved share of pilot projects; concessional finance; rationalised tender conditions; skill development; long-term O&M contracts; and an annual BESS deployment roadmap.	The matter relates to the policy of the Government, and is beyond the scope of these Regulations.
639	General	**BMAS (Kerala Chapter)**	They submitted that adequate funds should be allocated for viability-gap funding covering both government and private-sector BESS installations, with enhanced support for pilot projects and installations undertaken by eligible MSMEs. Allocate adequate VGF funds for both government and private-sector BESS installations, with enhanced support for pilot projects and MSME installations.	
640	General	**BMAS (Kerala Chapter)**	They submitted that collaboration among MSMEs, technical institutions, utilities and research organisations should be facilitated for product development, testing, field validation, recycling and improvement of battery-storage technologies. Facilitate collaboration among MSMEs, technical institutions, utilities and research organisations on BESS product development, testing, field validation and recycling.	
641	General	**Dr. Anand S R**	He submitted that remote operation of substations needs to be promoted, as reduction in manpower and improvement in performance justify automation. Provide an incentive scheme for remote operation/ automation of substations.	Noted.
642	General	**Dr. Anoop Singh, IIT Kanpur**	He traced the evolution from basic cost-of-service regulation (lacking incentive for cost reduction and performance improvement) to cost-of-service with performance benchmarks, normative cost-of-service and the MYT framework under the Electricity Act, 2003. Move towards Performance Based Regulation.	Noted.
643	General	**INTUC**	They raised concern about the lack of life insurance for contract workers, and that gratuity and the financial burden arising from accidents are borne by KSEB Ltd itself instead of through insurance.	The matter relates to the internal administration of the licensee, and is beyond the scope of these Regulations.
644	General	**INTUC**	They raised concern about the lack of workforce in KSEB Ltd, stating that this, together with penalties linked to work efficiency, has agitated employees.	
645	General	**INTUC**	They raised concern about the lack of insurance for assets.	

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
646	General	**INTUC**	They argued that investment in BESS is not financially beneficial to the investor. Provide subsidy for BESS investment.	The matter relates to the policy of the Government, and is beyond the scope of these Regulations.
647	General	**InSDES**	They submitted that the O&M norms for KSEB Ltd, historically fixed on approved rather than actual figures contrary to the Tariff Policy principle that norms be achievable, have left normative O&M for SBU-D and SBU-G consistently far below actuals, contributing to accumulated losses of Rs 12,967 Cr, and that such norms need a relook since protecting consumers does not mean disallowing genuine expenses. The Commission may take a 'better late than never' approach and correct the O&M norms to realistic levels in the 2026 Regulations, enabling a strict path for efficiency improvement while penalising continued and proven inefficiency.	The Commission has ensured adequate recovery of the O&M costs.
648	General	**KPUPL**	They appreciated the Commission's objectives but submitted that the Draft applies substantially uniform principles to all distribution licensees without recognising KPUPL's fundamentally different scale, consumer base, network characteristics and financial capacity, and that efficiency gained through better practices and equipment should not lead to a penalty for a small licensee. Introduce a separate and proportionate regulatory treatment for 'Small Distribution Licensees' while maintaining the principles of efficiency, prudence and consumer protection.	Noted.
649	General	**KPUPL**	They requested recognition of the special characteristics of licensees in industrial/infrastructure parks, such as technically demanding loads, high HT infrastructure, substantial fixed network costs, few but large consumers and demand dependent on industrial development, stating that consumer-number-based norms alone are not appropriate. Permit cost drivers such as number of consumers + sanctioned/contracted load + transformer capacity + feeder length + energy handled + number of substations/RMUs to be considered in determining O&M and other distribution norms.	Noted.
650	General	**KPUPL**	They proposed insertion of a new regulation providing special provisions for Small Distribution Licensees. Insert: "Special provisions for Small Distribution Licensees – Notwithstanding anything contained in these Regulations, the Commission may adopt suitable differentiated norms for a Small Distribution Licensee having regard to its consumer base, area of supply, energy handled, connected load, network configuration, asset intensity, cost of supply, procurement arrangement and financial capacity. The Commission may, after prudence check, allow actual prudent expenditure where application of normative provisions results in inadequate recovery of the legitimate and efficient cost of the distribution business. The Commission may also prescribe	Noted.

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			simplified procedures for approval of capital expenditure, power procurement, O&M expenses, working capital, performance reporting and regulatory filings for such licensees."	
651	General	**KSEB Pensioners Koottayma**	They submitted that none of the parties to the Tripartite Agreement under the Second Transfer Scheme took effective steps to ensure the functioning of the Master Trust, noting the Government's in-principle agreement on an SOP and independent administrative mechanism and the Commission's request to permit KSEBL to retain electricity duty for transfer to the Trust. The Commission may intervene and guide the Government to make the Master Trust self-sufficient to disburse pensions.	The funding plan of the unfunded liability will be considered through separate proceedings under Regulation 13.1(vi), based on the plan submitted by KSEB Ltd along with the approval of the State Government.
652	General	**KSEB Seniors Forum**	They submitted that KSEBL's accumulated loss is increasing as O&M expenses allowed on norms for SBU-G and SBU-D have been much below actuals, unlike SBU-T, widening the revenue gap, and that the previous SBU-G O&M norms were also low compared with CERC norms for similar stations. The O&M norms may be realistically reviewed for better performance and financial stability of KSEBL; the normative O&M expenses allowed for hydro stations of KSEBL shall be comparable with the CERC norms and actual expenses.	Noted.
653	General	**KSEB Workers Association**	They submitted that its earlier stakeholder inputs had been omitted from the draft. Review its present submissions favourably.	The submissions made by the stakeholder have always been duly considered.
654	General	**KSEB Workers Association**	They cautioned that grid expansion and consumer growth outpace automation gains, so shortage of field staff compromises grid safety, raises operational risks and increases fatal accidents.	The matter relates to the internal administration of the licensee, and is beyond the scope of these Regulations.
655	General	**KDHPCL**	They requested that the regulatory framework ensure fair and reasonable recovery of legitimate costs and an adequate return on capital, recognising the operational constraints and unique characteristics of small distribution licensees such as KDHPCL, so as to safeguard the long-term financial viability and sustainability of the distribution business.	Noted.
656	General	**Babu Thadathil**	He submitted that Kerala has considerable solar potential and that consumers investing in rooftop solar should be encouraged rather than discouraged by complicated procedures or frequently changing regulations, and that the electricity shortage in the State should be resolved by encouraging more solar generation. KSEB should adopt a consumer-friendly and predictable policy for prosumers, simplify procedures and provide appropriate incentives for rooftop solar generation and energy storage.	The matters relating to prosumers are based on the applicable Renewable Energy Regulations in force, and are beyond the scope of these Regulations.

Sl No	Regulation	Stakeholder	Comments of the Stakeholder	Views of the Commission
657	General	**Babu Thadathil**	He submitted that KSEB requires professional, efficient and technically sound management focused on merit, expertise, accountability and measurable performance, without undue influence of any interest group, and that the influence of union leaders should be eliminated.	The matter relates to the internal administration of the licensee, and is beyond the scope of these Regulations.
658	General	**Babu Thadathil**	He submitted that adequate line staff and technical personnel should be deployed at the field level for timely maintenance, faster complaint resolution and fewer interruptions, that measurable performance standards should be assigned to top-level officers, and that the practice of staff such as drivers retiring at Chief Engineer level should end. Maintain a proper balance between field manpower and administrative manpower.	
659	General	**C. P. George**	He submitted that the draft fails to address the need for quality, reliable, safe and affordable electricity in Kerala, including lack of internal generation capacity addition, transmission corridor congestion, inadequate distribution infrastructure, the implications of growing rooftop solar in the LT network and storage of surplus solar-hour energy for peak use.	The Regulations provide for resource adequacy based power procurement, capital investment for network strengthening and a framework for Energy Storage Systems, which address the issues raised.
660	General	**C. P. George**	He submitted that the MYT Regulations should be in tune with the Electricity Act, 2003 and national policies and plans, and that the draft does not incorporate their innovative provisions or consider CEA normative data for operational expenses and CERC methodologies for generation and transmission tariff. Incorporate the provisions and norms of the central policy documents, CEA normative data and CERC tariff methodologies in the Regulations.	The Commission has considered all the relevant provisions of the Electricity Act, 2003, the CEA Regulations and the CERC Regulations while framing these Regulations.
661	General	**George Sebastian**	He submitted that adequate power quality is essential for the safe and efficient operation of equipment, and that Maharashtra (MERC Supply Code and SoP Regulations, 2021) provides compensation for violation of power quality parameters such as voltage variation, unbalance, dips/ swells, interruptions and harmonics. Appropriate power quality requirements and associated financial provisions may be considered within the tariff framework.	Such suggestions can be appropriately considered at the time of amendment of the KSERC (Standards of Performance of Distribution Licensees) Regulations, 2015.
662	General	**Kiran R & Mohammed Mohammed**	They opposed the introduction of new rules under the draft Regulations. Do not introduce or implement the new rules.	The Regulations are framed in accordance with the provisions of the Electricity Act, 2003, after due consultation with the stakeholders.
663	General	**Raashid Kallingal**	He submitted that the draft Regulations affect prosumers adversely, since even a 5 kW solar system is a heavy investment for ordinary consumers.	The matters relating to prosumers are based on the applicable Renewable

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			Re-evaluate the draft Regulations insofar as they affect prosumers.	Energy Regulations in force, and are beyond the scope of these Regulations.
664	General	**Ranan R**	He submitted that meter readers frequently rush their rounds to meet geographic quotas, leading to delayed entries or manual approximation of data, and that under the current tariff slabs even a discrepancy of a single unit due to manual entry errors can raise a consumer's monthly bill by Rs. 300 to 400.	The matter is governed by the Kerala Electricity Supply Code, 2014, and is beyond the scope of these Regulations.
665	General	**Ranan R**	He submitted that the draft uses complex terminology (e.g. 'Fuel and Power Purchase Cost Adjustment Surcharge Mechanism') which alienates the public, and that the issue of an amendment on 8 September, two weeks after the draft was published on 24 August, indicates that the drafters lacked a definitive understanding of the proposed framework.	The terminology used is in line with the Electricity (Amendment) Rules, 2022. The Addendum was issued to correct the inadvertent errors in the draft, and adequate time was provided for comments.
666	General	**Ranan R**	He submitted that printed bills are growing in size due to regulatory disclosures. Transition away from paper billing to SMS alerts or digital statements for smartphone users, to reduce the utility's operational costs.	The matter is governed by the Kerala Electricity Supply Code, 2014, and is beyond the scope of these Regulations.
667	General	**Ranan R**	He submitted that there should be transparency regarding the financial metrics used by KSEB Ltd. Ensure transparency in the financial metrics used by KSEB Ltd.	The financial details of KSEB Ltd are examined in the ARR and truing up proceedings, which are conducted through a transparent public process.
668	General	**Shajudheen S**	He raised concern that the increasing number of prosumers leads to high voltage, causing damage to consumers' electronic equipment. Adopt a High Voltage Distribution System (HVDS).	Such proposals may be included by the licensee in its Capital Investment Plan.
669	General	**Shajudheen S**	He raised concerns regarding problems arising from energy consumption by LED strip lights. Raise consumer awareness on efficient COB LED strips.	The matter is beyond the scope of these Regulations.
670	General	**Shajudheen S**	He submitted that many consumers furnish wrong information about their required consumption and connected load. The Commission should investigate the issue and raise awareness among consumers.	The matter is governed by the Kerala Electricity Supply Code, 2014, and is beyond the scope of these Regulations.
671	General	**Wilson K B**	He submitted that Kerala already has among the highest electricity rates in India and any further increase would severely burden consumers, and that the Commission must resolve errors and discrepancies in billing, noting that bills include, besides the energy charge, 10% duty, fuel charge, fuel surcharge, fixed charge, meter rent and auto recovery.	The tariff structure and the charges are determined in the tariff order, as per the provisions of the Electricity Act, 2003 and the Regulations.

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			The bill should collect only a single unified energy charge and GST.	
672	General	**Wilson K B**	He questioned why meter rent continues to be charged for meters purchased and installed at the consumers' own cost. Discontinue meter rent for consumer-owned meters.	The matter is governed by the Kerala Electricity Supply Code, 2014, and is beyond the scope of these Regulations.
673	General	**Wilson K B**	He submitted that making the bill available in Malayalam provides no real benefit to consumers.	Noted.
674	General	**Xavier Mathew Anthony**	He submitted that the draft MYT Regulations, 2026 appear to be prepared on estimations rather than actual, verified data, with projections for 2027 to 2032 included such that even the accounts for 2031 and 2032 appear structured to be pre-approved; the format is full of practical difficulties and burdens ordinary stakeholders rather than solving core structural problems.	Under the MYT framework, the ARR is approved based on projections, which are subject to truing up based on the audited accounts. Hence only the prudent actual costs are passed on to the consumers.
675	General	**Xavier Mathew Anthony**	He submitted that consumers who took connection recently (e.g. in 2022) should not be burdened with old, historical liabilities originating from 2014. Old liabilities should be assigned strictly to old consumers, and newly added consumers should bear only liabilities corresponding to their period of connection.	The tariff is determined uniformly for all the consumers of a category as per the provisions of the Electricity Act, 2003, and cannot be differentiated based on the date of connection.
676	General	**Xavier Mathew Anthony**	He submitted that persons who recommended action in the DBFOO case are understood to be steering matters within KSERC and authoring the draft, that consumers' conflict-of-interest concerns remain unanswered, and that the absence of a mechanism for checking conflicts of Members or consultants makes a transparent interim procedure more urgent. Identify and publish the conflict-of-interest representations and decide all conflict-of-interest and recusal objections through an independent, reasoned speaking order before substantive hearings continue; obtain written declarations, publish relevant prior engagements, create a recusal register, ensure the affected person does not decide his own recusal, and require the concerned Member and consultants to abstain pending the decision.	Framing the Regulations and the consultation process thereon does not involve adjudication under Section 86(1)(f) of the Electricity Act, 2003. Thus, the concerns raised are not relevant. The matters raised are not related to the provisions of the draft Regulations. The Regulations have been finalised by the Commission following due process, after considering the comments of all the stakeholders.
677	General	**Xavier Mathew Anthony**	He submitted that the MYT framework will affect about 1.42 crore consumers for several years and that a hearing is meaningful only if consumers receive the material relied upon and adequate time; consultation after the methodology is settled is not effective participation. Publish the complete non-confidential record — drafting instructions, consultant reports, working papers and cost models; declarations of interest and prior engagements of Members, officers and consultants; relevant RTI records, earlier KSERC proceedings, C&AG observations and	The draft Regulations, along with the explanatory note, were published, and adequate opportunity was provided to the stakeholders for submitting comments, both in writing and through public hearings.

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			non-confidential DBFOO and vigilance material; energy-accounting and BEE-compliant energy-audit reports supporting technical and AT&C loss figures; voltage-wise loss calculations and the full wheeling-charge methodology; and the basis for treating power-purchase, pension, Master Trust and other contested costs as prudent consumer liabilities — and allow a fresh, reasonable comment period.	
678	General	**Xavier Mathew Anthony**	He submitted that physical hearings should be held in multiple regions so that domestic consumers, small businesses, farmers, local bodies and consumer organisations can participate without dependence on internet access or specialist technology; online participation should be only an additional facility. Conduct regional physical public hearings across Kerala with an additional online option.	The public hearings were conducted in hybrid mode, enabling participation both physically and online.
679	General	**Xavier Mathew Anthony**	He requested deferment of the draft MYT process and restart of consultation after the above steps. Suspend the present timetable and do not finalise or notify the draft Regulations; publish a response matrix showing how each material consumer objection was accepted, modified or rejected, with reasons; and ensure no disputed or imprudent expenditure is passed to consumers without a transparent legality and prudence review.	Adequate opportunity was provided to all the stakeholders, and all the comments received have been considered by the Commission. Hence deferment is not required.
680	General	**HT & EHT Association**	They submitted that Regulation 50 of the 2021 Regulations, which fixed the tariff for sale of infirm power, has not been carried forward, leaving pre-commissioning sales without a methodology. Retain the provision for determination of tariff for sale of infirm power in the MYT Regulations, 2026.	The tariff for infirm power will be dealt with as part of the Grid Code/ Open Access Regulations. Till then, the CERC norms, as amended from time to time, will be followed.
681	General	**HT & EHT Association**	They submitted that the Draft is silent on whether DSM charges apply to an Energy Storage System and how they are to be treated in tariff. Clarify whether DSM charges apply to ESS, their treatment in tariff, and that deviation charges paid or earned by ESS shall not be recoverable from or adjusted against the beneficiaries.	The deviation charges applicable to ESS will be governed by the Deviation Settlement Mechanism Regulations in force.
682	General	**TCED**	They submitted that several provisions and definitions of the Draft Regulations have changed substantially from the discussion paper stage, materially affecting TCED's treatment in respect of O&M, return on capital, liabilities, subsidy, tariff design and other matters, and reserved the right to file further comments on the Addendum amending Annexure 10 and any further addenda. Consider the submissions before finalisation of the Regulations, and allow further comments on the Addendum and any further addenda within the time permitted.	Noted.

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683	General	**WRI India**	They welcomed the retention of financial safeguards, including the bar on passing controllable losses to consumers (Regulation 12.2), filing of financial models in spreadsheet form (Regulation 6.17) and reduction of equity and loan on asset retirement (Regulations 28.7 and 32.1), and the tariff design reforms under Regulation 19.	Noted.
684	General	**WRI India**	They submitted that, since MYT Regulations are revisited only once in five years, the process should be as transparent as possible, and that publishing all comments with reasons for acceptance or rejection reduces ambiguity in interpretation and the risk of future litigation. While notifying the final Regulations, the Commission may publish all stakeholder comments received and issue a Statement of Reasons explaining the approach adopted and its views on the major submissions, including why they were accepted or not.	Noted.
685	General	**WRI India**	They sought that review petitions be subject to the same public process as the original order. Expressly provide that a review petition against any tariff, true-up or Mid-term Performance Review order shall be processed under the same public process as applied to the original order.	Noted.
686	General	**WRI India**	They submitted that Licensees should disclose all contingent liabilities, including the financial impact of ongoing litigation and sub judice matters likely to affect tariffs, so that consumers have a fair idea of the possible tariff impact. Require disclosure of contingent liabilities while filing ARR, true-up and MPR petitions, and presentation of the ARR both with and without such liabilities.	Noted.
687	General	**WRI India**	They noted that several periodic reports are to be filed with the Commission – quarterly returns (21.3), quarterly availability reports (42.5), quarterly demand variance reports (43.7), monthly time-block-wise procurement data (45.6), RA surcharge collection details (14.5 and 14.6) and quarterly subsidy reports (59.4). Mandate the Licensee to publish and archive all these reports on its website in an easily accessible and searchable format.	Noted.
688	General	**WRI India**	They submitted that accurate feeder, DTR and consumer metering is fundamental to establishing losses, forecasting demand and planning procurement, and that SAIDI/SAIFI computation under Regulation 51.3 depends on substation and DTR smart meters. Prescribe a time-bound metering-completion trajectory for each Licensee with key metering indicators in performance monitoring and consequences for non-compliance; Licensees should publish quarterly progress on feeder, DTR and consumer metering, unmetered connections, and defective/stopped meters pending replacement.	Noted.

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689	General	**WRI India**	They sought conditions on pass-through of capitalisation and reconciliation of capitalisation claimed. Condition pass-through of capitalisation on (i) conformity with the approved Capital Investment Plan, (ii) competitive and transparent procurement, and (iii) geo-tagging of assets with entry in the Fixed Asset Register; include in true-up formats a reconciliation of capitalisation claimed with audited books and the Fixed Asset Register, in addition to Forms D 4.1 and D 4.2.	Noted.
690	General	**WRI India**	They submitted that actual working capital borrowings are typically higher than normative working capital and indicate financial stress. Track actual working capital borrowings and short-term liabilities with a calibrated reduction trajectory (e.g., as a percentage of ARR).	Noted.
691	General	**WRI India**	They submitted that, consistent with the RDSS guidelines under which consumer metering is envisaged to be self-financing through improved billing and collection, and the UPERC approach (Order dated 27.08.2026 in Petition No. 73/SM of 2026), smart metering costs should be subject to regulatory scrutiny of benefits before pass-through. Permit pass-through of smart metering expenditure, including lease charges or meter rent, only after the Licensee establishes that meters are functioning, required IT systems are in place, and expected improvements in billing and collection efficiency, loss reduction and quality of supply have been demonstrated and verified at true-up against projections.	Noted.