

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present : Shri T K Jose, Chairman
Shri B Pradeep, Member

OP No. 12/2026

In the matter of : Billing Procedure, Meter Rent and Methodology for
levying and adjusting Security Deposit for Smart
Prepaid Meter Government Consumers of Kerala State
Electricity Board Limited

Petitioner : Kerala State Electricity Board Limited

Order dated 23.02.2026

1. Kerala State Electricity Board Limited (herein after referred to as KSEBL or petitioner) on 03.02.2026 has filed a petition before the Commission with the following prayers;

- (i) Approve the 'Billing Procedure, Meter Rent and Methodology for levying and adjusting Security Deposit for Smart Prepaid Meter of Government Consumers' as proposed by KSEBL.
- (ii) Permit KSEBL to operationalise prepaid smart meter billing in accordance with the approved procedure and the tariff schedule approved by the Commission.
- (iii) Pass such other orders or directions as the Hon'ble Commission may deem fit and proper in the interest of justice.

2. Summary of the petition filed by KSEBL is given below.

- (1) KSEBL has proposed to implement Smart Prepaid Metering for the control period 2022-23 to 206-27 in two phases under CAPEX mode, with a total estimated cost of Rs 930.76 Crore.

Under Phase-1, it is proposed to install approximately 3 lakh smart meters for Government consumers, HT consumers, feeder meters and distribution transformer meters, with an estimated cost of Rs 277.00 crore. Commission vide the Order dated 25.11.2025 has approved Rs 195.30 crore for phase-1 Smart Meter implementation.

- (2) The implementation of Smart Metering forms an essential component of the distribution sector reforms envisaged by the Ministry of Power,

Government of India, aimed at improving billing efficiency, enhancing consumer services, and strengthening the financial sustainability of distribution licensees.

Further, as per the Guidelines for Additional Borrowings issued by the Ministry of Power, one of the entry conditions stipulated therein is the installation of prepaid smart meters for all Government consumers. KSEBL has given an undertaking before the State Government that all Government offices provided with the Smart meters shall be transitioned to prepaid mode with effect from 01.03.2026 as part of complying with the eligibility conditions of additional borrowings of the State.

Further, Electricity (Rights of Consumers) Rules, 2020 mandates for smart pre-payment meter and pre-payment meter. Adoption of prepaid smart metering is also linked to the Consumer Service Rating framework, under which 2 marks are assigned for such initiatives as bonus marks.

Considering the above reasons, KSEB Ltd proposed Phase-1 implementation of the Smart Prepaid Meters w.e.f 01.03.2026 for government consumers.

- (3) Number of Government consumers under different tariff categories as on 01.01.2026 is given below.

Tariff Category	Number of consumers
LT-I-Domestic	4801
LT-4A-Industrial	3603
LT-4B-IT and IT enabled Services	16
LT-5A-Agriculture	810
LT-5B-Agriculture	239
LT-6A-General	15682
LT-6B-General	23376
LT-6C-General	5736
LT-6D-General	23796
LT-6E-General	491
LT-6F-General	4414
LT-6G-General	18
LT-7A-Commercial	4388
LT-7B-Commercial	346
LT-7C-Commercial	229
LT-8B-Metered Street Lights	84640
LT-9-Advertisement & Hoardings	80
LT-10-Electric Vehicle Charging Stations	59
LT Total	172724

3. KSEBL further submitted that, installation of Smart Prepaid meters for HT consumers will complete only by August 2026. This proposal is for the approval of the Government consumers availing supply at LT only. The proposal for approval of the smart meter implementation of Government consumers availing supply at HT and above will be submitted separately.
4. KSEBL further submitted that, Phase-1 implementation is substantially completed and the remaining activities are expected to be completed by August 2026.
5. KSEBL further submitted that, billing procedure presently in force is designed for post-paid consumers and it does not adequately address the operational, accounting, and consumer-interface aspects of prepaid electricity supply.
6. Detailed billing procedures proposed for 'Smart Prepaid Meter Government consumers are submitted along with this petition. The proposed billing procedure governs the manner of billing, debit of charges, monthly reconciliation, methodology for collecting and adjusting the security deposit, meter rent etc.
7. Salient features of the proposed billing procedure are given below;
 - (1) In the case of non-ToD smart meter consumers, the billing frequency is proposed to change to monthly.
 - (2) In the case of ToD smart meter consumers, the billing frequency will be on monthly basis with day code "1", as zone-wise readings are available only on a monthly basis.
 - (3) Daily provisional billing may be carried out by the Meter Data Management (MDM) and the consumer's prepaid balance shall be updated on a daily basis and made available through the KSEBL Smart+ Mobile App.
 - (4) Billing heads to be included in daily prepaid billing shall be finalized based on the data available with MDM.
 - (5) At the end of each billing period, meter readings shall be fetched from the MDM system, and billing system shall generate a regular current charge bill. This shall be treated as the demand of the consumer for the month.
 - (6) Upon completion of the period end reconciliation by the billing system, the MDM's prepaid wallet shall be adjusted (credit or debit), as applicable to reflect the difference between the reconciled amount and the aggregate of the daily provisional bills raised for that billing period.
 - (7) If monthly readings are not available from the MDM within 3 days from the last day of billing month reconciliation, the billing system shall generate the bill based on the billing average as detailed in the Supply

Code and its amendments. After the reconciliation, the Billing System shall return the reconciled wallet balance to the MDM.

- (8) Alignment with telescopic, non-telescopic, Time-of-Day and demand-based tariff structures approved by Commission from time to time.
 - (9) Intimations such as balance alerts, grace period after exhaustion of prepaid balance, and automatic reconnection upon recharge.
 - (10) The detailed operational and computational aspects shall be implemented through system configuration by the IT wing, consistent with the approved tariff and the billing procedure approved by the Commission.
8. KSEBL further submitted that, the billing procedure has been formulated strictly within the tariff schedule approved by the Commission.

The proposal does not introduce new charge, levy or financial obligation on consumers, and merely alter the timings and mode of recovery of approved charges. Hence the proposal is revenue neutral.

9. **Procedure for Daily Provisional Billing:**

KSEBL submitted the procedure for 'daily provisional billing' of 'smart prepaid mode' availing supply at 'LT' as follows;

- (1) **Opening Balance:** First Recharge or Initial Recharge or the net security deposit available as on date of migration after adjustment as detailed in paragraphs 11 & 12 will be considered as opening balance of Smart Prepayment Account.
- (2) **Daily Billing:** Daily billing will be made on provisional basis separately for fixed charges/demand charges, energy charges (including fuel and power purchase adjustment surcharge), electricity duty, meter rent, subsidy if any, power factor incentive and penalty etc, on cumulative consumption (subject to tariff minimum billing wherever applicable) as per relevant slab / rate as approved in the prevalent Retail Supply Tariff Order.
- (3) **Closing Balance of the day:** The closing balance of the day shall be derived as below:

Closing Balance of the day = Opening Balance of the day – Bill amount of the day -other demand (if any) + amount recharged/credited during day (if any);

The closing balance of the day so derived as per formula above will be considered as opening balance for the next day and the cycle will repeat till the end of the billing month.

10. **Procedure for Month End Final Billing:**

(1) **Calculation of 'final monthly bill':**

Final monthly bills will be calculated by Distribution Licensee as per applicable tariff schedule for respective category of consumer and as per relevant provision of Supply Code/other applicable Regulations.

All the underlying principles for calculations of energy charge, fixed charge, **additional billing due to audit**, electricity duty, incentives or rebate if any, FPPAS, eligible government subsidy, meter rent, power factor penalties etc., as applicable in case of post payment billing system shall also be applicable in case of prepayment billing system.

(2) **Reconciliation and Adjustment:**

Upon calculation of final bill at the month end, reconciliation and adjustment shall be done as below:

- (i) If the 'final monthly bill' amount at the month end is less than 'total amount deducted as per provisional daily billing', the differential shall be credited to the consumer's account within one day from the date of generation of 'final monthly bill'.
- (ii) If the 'final monthly bill' amount at the month end is more than 'total amount deducted as per provisional daily billing', the difference shall be debited to the consumer's account after generation of 'final monthly bill', which shall be adjustable from next recharge:

Provided that if the consumer does not make payment of the due amount after generation of 'final monthly bill' even after the grace period, disconnection procedure will be initiated.

(3) **Issue of Final Bill:**

Distribution Licensee shall upload the final bill of consumer on its website upon expiry of billing period and intimate the consumer through electronic modes or otherwise, immediately after generation of final bill as far as possible but not later than the day next to the day on which billing period is over, in any case.

The intimation shall consist of the details of bill. The consumer shall be able to access the billing information through dedicated mobile App and web portal. The bill in its printable form shall be issued at the request of the consumer.

In case of 'Meter faulty & non communicating meters', electricity charges based on average consumption is to be calculated on per day basis till the replacement of the meters.

11. Treatment of arrears

Existing consumers migrating to pre-paid smart metering arrangement, the security amount with the licensee shall be adjusted against the last bill amount including arrears, if any, and the balance, if any, payable to / by the consumer shall be settled in full, at once.

Provided further that, in the event of knowledge of any past demand (arrear) discovered at later stage by Audit or else, a 15 days' notice shall be given to consumer and demand so discovered shall be debited in consumers prepayment account, after expiry of 15 days' notice period or actual date of payment whichever is earlier:

Provided also that in the event of knowledge of any refundable amount to consumer discovered at later stage, it shall be credited to consumers prepayment account immediately: Provided also that in case of disputed arrears challenged before a competent Forum / Court and subject to stay order, if any, recovery of such disputed arrears shall not be insisted and recovery of such disputed arrears shall be subject to the decision of competent Forum/ Court

Provided further that in case of conversion of pre-paid to **post-paid again** security deposit shall be paid by the consumer in addition to other formalities, if any.

12. Recharge Mechanism

- (i) Security Deposit of existing government post-paid consumers shall be credited to wallet as the initial recharge amount of the respective consumer after adjusting against the last bill including arrears and deducting the security deposit towards the meter.
- (ii) Wallet top-up by individual consumer shall be enabled only through the KSEB Smart + mobile application.
- (iii) At the time of availing prepaid metering facility for the first time including new connections, the consumer shall pay minimum amount equivalent to the monthly fixed/demand charges plus meter rent plus energy charges as per consumers requirement at the prevailing tariff rates.

The consumer may recharge, as and when required, **the outstanding dues** after the migration plus minimum recharge amount equivalent to the electricity charges (fixed charges, energy charges, other tariff components) of one-week average consumption as recorded in the immediately preceding week/month, in multiples of 100. There shall be no maximum limit for recharge amount. The estimated monthly amount, based on average consumption, shall be communicated to the departments concerned on a consumer-wise basis.

- (iv) Auto-reconnection of supply shall be enabled upon recharge.

13. Consumer Alerts and Information

- (i) Consumers shall be provided automated alerts through SMS, mobile application, web portal or other electronic means regarding:
 - Low balance thresholds;
 - Imminent exhaustion of prepaid balance;
 - Disconnection and reconnection events.
- (ii) Consumption and balance information shall be made accessible to consumers through electronic platforms.

14. Disconnection and Grace Period

- (i) Disconnection process shall be initiated when the consumer's prepaid account balance becomes zero or negative.
- (ii) For Government consumers, there shall not be any disconnection for initial three months from the date of prepaid conversion.
- (iii) Before the disconnection, a grace period up to 24 hours may be given and during which the consumer may recharge to avoid disconnection.
- (iv) Intimation regarding credit exhaustion, start of grace period, and likely disconnection shall be provided through the KSEBL Smart+ App & SMS.
- (v) Notifications/alerts issued to the consumer shall be treated as the statutory notice for 'recharge and disconnection'. DISCOM shall disconnect supply upon expiry of the grace period without any further notice.
- (vi) If the consumer fails to recharge the prepaid account with adequate amount which shall not be less than the outstanding amount plus minimum recharge amount, within the applicable grace period, automatic disconnection shall be initiated after the exhaustion of grace period. Provided that, Smart Prepaid Meter disconnection can be effected only between 10.00 A.M to 1 PM.
- (vii) In cases where the meter is non-communicative or defective, a manual disconnection process shall be initiated with due notice.
- (viii) For LT-CT consumers, meter disconnection process shall be manual.
- (ix) After supply cut off, the consumer shall receive SMS/App notification detailing the outstanding amount and status of disconnection.
- (x) **The consumer under disconnection shall recharge their prepaid account with an amount sufficient to cover outstanding dues, any other charges applicable and minimum recharge amount**

applicable during the disconnection period (up to a maximum period of six (6) months), for reconnection.

- (xi) If the consumer fails to recharge or settle the account within six (6) months of disconnection, the connection shall be permanently dismantled.
- (xii) Upon permanent dismantle, a new connection to the consumer or premises shall be provided only as per the applicable provisions of the Supply Code 2014 and its amendments from time to time.
- (xiii) Electricity charges accrued during the grace period shall be adjusted against subsequent recharges as per the approved procedure and the prior intimation may be given to the consumer at the time of expiry of the earlier recharges.

15. Reconnection Process:

- (1) Supply shall be restored only upon receipt of all dues/ outstanding amount plus the minimum recharge amount.
- (2) Reconnection Fee shall be applicable for manual reconnection.

16. Security Deposit Provisions

- (1) As per the Section 47(1)(b) and first proviso to Section 55(1) of the Electricity Act, 2003 and Regulation 68 of the Supply Code, 2014 & its amendments, KSEBL proposes 'security deposit' for the smart meter provided by KSEBL, equivalent to the cost of meters. The details are given below.

Meter Type	Make	Specification	Meter Cost (Rs)	Useful life of meter	Proposed security deposit (Rs)
Single Phase meter	Iskrae-meco	1 phase whole current Smart Meter (with Net-Metering) LT Meter: 5 – 30 A with polycarbonate weather proof outdoor type meter cover box and inclusive of all accessories for installation of meters.	3107.5	15 (7 year warranty)	3100
3 Phase Meter	Iskraemeco	3 phase whole current Smart Meter (with Net-Metering) LT Meter: 10 – 60 A or 10-100A with polycarbonate weather proof outdoor type meter cover box (inclusive of all accessories)	4000	15 (7 year warranty)	4000
LTCT Meter	Scheider	3 phase LT-CT operated Smart Meter (with Net-Metering) -/5A, Accuracy class 0.5S, LT Meter with CTs, control cables etc. (Exl. Meter Box)	4700	15 (7-year warranty)	4700

- (2) KSEBL submitted that, meter cost indicated above is taken without GST and also excluding backend IT infra, hosting and installation cost etc.

Installation of meter and replacement is the responsibility of the licensee unless the consumer opts to purchase the meter.

For the security deposit for meters, interest at the rates applicable for security deposit as per Kerala Electricity Supply Code, 2014 is to be allowed.

- (3) KSEBL further submitted that, at present, the total security deposit held by KSEBL is about Rs 5,345.28 crore. Even though a lump-sum refund of such a substantial amount would adversely impact the financial position of the utility, KSEBL proposes the following treatment of the existing security deposit:
- (i) Adjustment towards electricity charges corresponding to the consumption from the date of the last bill up to the date of migration to the prepaid mode, including arrears, if any;
 - (ii) Adjustment of the remaining amount, if any, against the meter security deposit; and
 - (iii) Credit of the residual balance, if any, to the consumer's prepaid wallet as the initial recharge amount.

17. **Meter rent**

As per the Section 45(3)(b) of the EA-2003, KSEBL proposes to levy meter rent, based on the cost of meter, interest rate @8.75% and with the useful life of the meter at 15 years. Details are given below.

Meter Specification	Meter Cost	Useful life of meter	Weighted average interest rate	EMI for loan	Meter rent
	Rs		%	Rs	Rs
Single Phase meter	3107.5	15 (7-year warranty)	8.75	30.98	31
Three phase meter	4000	15 (7-year warranty)	8.75	39.98	36
3 phase LT-CT operated Smart Meter (with Net-Metering) -5A,	4700	15 (7-year warranty)	8.75	46.97	47

KSEBL further submitted that, since the meter rent is approved as part of the tariff order, meter rent may be allowed to be collected as per the tariff schedule in force. KSEBL further requested that, meter rent may be revised at the time of issuance of upcoming Tariff Order.

18. **Consumer Awareness**

- (1) Migration to prepaid smart metering shall be carried out after due intimation to the consumer, through detailed press release, necessary

- visual media awareness and small videos of the process and change over through website of KSEBL and through YouTube videos.
- (2) Detailed Standard Operating Procedures (SOPs) and consumer FAQs shall be issued separately for operational clarity and publish them in the website of KSEBL.

19. Treatment of Subsidies:

Prepaid consumers shall be placed at the same parlour with post-paid consumers in respect of tariff reliefs/subsidy.

20. Other Charges and rebates

Rebate/incentives towards advance and prompt payment as stipulated in applicable Retails Supply Tariff Order shall not be applicable to consumers migrated to pre-paid mechanism.

Analysis and Decision of the Commission

21. Commission has examined the petition dated 03.02.2026 filed by KSEBL for the approval of the 'billing procedure for Smart Prepaid meters for Government consumers, as per the provisions of the Electricity Act, 2003, and other relevant Rules and Regulations in force, and decided as follows;
22. KSEBL has filed the instant petition for approval of the 'Billing Procedure for Smart Prepaid Meter Government consumers of KSEBL' for implementation w.e.f 01.03.2026.
23. Section 55 of the Electricity Act, 2003 dealt with 'use, etc, of meters'. Relevant Section is extracted below for ready reference.

"Section 55. (Use, etc., of meters): ---

*(1) No licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter **in accordance with the regulations to be made in this behalf by the Authority:***

Provided that the licensee may require the consumer to give him security for the price of a meter and enter into an agreement for the hire thereof, unless the consumer elects to purchase a meter:

Provided further that the State Commission may, by notification, extend the said period of two years for a class or classes of persons or for such area as may be specified in that notification.

(2) For proper accounting and audit in the generation, transmission and distribution or trading of electricity, the Authority may direct the installation of meters by a generating company or licensee at such stages of generation, transmission or distribution or trading of electricity and at such locations of generation, transmission or distribution or trading, as it may deem necessary.

(3) If a person makes default in complying with the provisions contained in this section or the regulations made under sub-section (1), the Appropriate Commission may make such order as it thinks fit for requiring the default to be made good by the generating company or licensee or by any officers of a company or other association or any other person who is responsible for its default.”

Further, sub-Section 5(5) of Section 47 of the EA-2003 provide as under;

“Section 47. Power to require security

.....

(5) A distribution licensee shall not be entitled to require security in pursuance of clause (a) of sub-section (1) if the person requiring the supply is prepared to take the supply through a pre-payment meter.”

24. Regulation 4(2) Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2019, provide as follows;

“(1) (a) all new Interface Meters and Energy Accounting and Audit Meters shall be of static type and shall have automatic remote meter reading facility;

*(b) all new Consumer Meters shall be **Smart Meters with prepayment feature**:*

*Provided that the existing meters, other than Smart Meters, shall be replaced with **Smart Meters with prepayment feature within a time frame as specified by the Central Government.**”.*

25. Subsequently, Ministry of Power, Government of India vide the Gazette notification dated 17.08.2021 has notified the time lines for the replacement of existing meters with smart meters with prepayment feature; Relevant paragraph of the said notification is extracted below.

“In pursuance to the provisions made in clause 4(1) (b) of the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2019 framed under sub-section (1) of section 55 read with clause(c) of sub-section (2) of section 177 of the Electricity Act, 2003, the Central Government hereby notifies the following timelines for the replacement of existing meters with smart meters with prepayment feature:

1. All consumers (other than agricultural consumers) in areas with communication network, shall be supplied electricity with Smart Meters working in prepayment mode, conforming to relevant IS, within the timelines specified below:

- (i) All Union Territories, electrical divisions having more than 50% consumers in urban areas with AT&C losses more than 15% in financial year 2019-20, other electrical divisions with AT&C losses more than 25% in financial year 2019-20, all Government offices at Block level and above, and all industrial and commercial consumers, shall be metered with smart meters with prepayment mode by December, 2023:*

Provided that the State Regulatory Commission may, by notification, extend the said period of implementation, giving reasons to do so, only twice but not

more than six months at a time, for a class or classes of consumers or for such areas as may be specified in that notification;

- (ii) All other areas shall be metered with smart meters with prepayment mode by March, 2025: Provided that in areas which do not have communication network, installation of prepayment meters, conforming to relevant IS, may be allowed by the respective State Electricity Regulatory Commission:*
- (iii) All consumer connections having current carrying capacity beyond that specified in relevant IS, may be provided with meters with smart meters having AMR facility.*

2. All feeders and distribution transformers (DTs) shall be provided with meters having AMR facility or covered under AMI, as per the timelines specified below:

- (i) All feeders shall be metered by December, 2022.*
- (ii) All DTs in electrical divisions having more than 50% consumers in urban areas with AT&C losses more than 15% in financial year 2019-20, and in all other electrical divisions with AT&C losses more than 25% in financial year 2019-20, shall be metered by December, 2023.*
- (iii) All DTs in areas other than those mentioned in (ii) above, shall be metered by March, 2025.*
- (iv) DTs and HVDS transformers having capacity less than 25 kVA may be excluded from the above timelines."*

26. Central Government 'in exercise of the powers conferred by sub-section (1) read with clause (z) of subsection (2) of section 176 of the Electricity Act, 2003 (Act 36 of 2003), has notified the Electricity (Rights of Consumers) Rules, 2020. Rule 5 of the Electricity (Rights of Consumers) Rules, 2020, provide as follows.

"5. Metering – (1) No connection shall be given without a meter and such meter shall be the smart prepayment meter or pre-payment meter. Any exception to the smart meter or prepayment meter shall have to be duly approved by the Commission. The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or prepayment meter."

27. Ministry of Power, Government of India vide the letter dated 26.02.2021 has informed and directed all the States as follows;

"

2. In the Union Budget, 2021-22, Hon'ble Finance Minister has announced the reforms- based-result-linked power distribution sector scheme with an outlay of Rs.3,05,984/- crore over 5 years. The scheme will provide assistance to DISCOMs for infrastructure creation including prepayment smart metering, feeder separation, upgradation of systems etc. tied to financial improvements. Approximately Rs.1,50,000/- crore is being earmarked for prepayment meters.

.....

5.. the States are once again requested to timely prepare the scheme of switching over to smart pre-payment meters/pre-payment meters in a time bound manner to avail funds from the Government of India under the above Scheme. States are **requested to submit their plans to this Ministry within 2 months from the date of issue of this letter.**

Further, MoP, GoI vide the paragraph 6 of the letter dated 26.02.2021 has directed to the State as follows;

“6. Further, the following stipulations may be indicated in the Scheme to be proposed by the States:-

- (i) No connection shall be given without a meter and such meter shall be the smart prepayment meter or prepayment meter;
- (ii) Any faulty meter shall be replaced only by smart prepayment meter or prepayment meter.
- (iii) The existing post-paid meters should be replaced within 3 years.

28. Subsequently, MoP, Gol vide the Office Memorandum dated 20.07.2021 has notified the ‘Revamped Distribution Sector Scheme (RDSS): A Reforms based and Results linked scheme:

Part- A, Component- I of the RDSS deals with the metering and related activities including ‘Prepaid Smart metering for consumers, and System metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI), with a grant up to 15% of the cost of prepaid smart meter subject to a maximum of Rs 900.00 per meter.

29. KSEBL in its petition dated 10.01.2022 for the approval of ‘Capital Investment Plan’ for the MYT period from 2022-23 to 2026-27 has proposed a total scheme for implementation of the smart prepaid metering system for the then existing electricity consumers of 137 lakh with a total cost of Rs 8200.00 crore under RDSS.

However, vide the MYT Order dated 25.06.2022, Commission has directed KSEBL to finalise the scheme of implementation of the Smart Prepaid Metering System under RDSS, and submit a separate petition before the Commission with all relevant details including its impact on the consumers, for getting approval of the Scheme.

30. In the meanwhile, during the deliberation of the approval of the Capital Investment of SBU-D for the MYT period from 2022-23 to 2026-27, KSEBL has intimated that, Smart Prepaid Metering System shall be implemented in CAPEX mode. Further, initially in two phases, KSEBL propose to implement Smart Prepaid Metering system for 11 lakhs consumers with a total cost of Rs 930.76 crore, with split up details of phase-1 and phase-2 as follows.

Phase-1. Smart prepaid metering for system meters, HT consumers and Government consumers, covering a total 3 lakh connections.

Phase-2. Smart prepaid metering of 8 lakh consumers under three electrical divisions.

However, during the deliberations of the approval of the capital investment of SBU-D, KSEBL has submitted the DPR for phase-1 only. KSEBL further informed that, the total tendered cost of Phase-1 is Rs 195.30 crore including GST. Accordingly, Commission vide the Order dated 25.11.2025 in the matter of approval of Capital Investment Plan of SBU-D has approved Rs 195.30 crore as capital cost for the implementation of the Pre-paid Smart Metering System under phase-1.

31. In the meanwhile, the State Government vide the Order G.O (Ms) No. 2/2026/Power dated 05.01.2026 has approved the implementation of the Smart Prepaid Metering System in CAPEX mode, for 50 lakh consumers in phased manner with a total cost of about Rs 3258.00 crore.

32. As above, the Commission has examined the entire aspects related to implementation of the 'smart pre-paid metering system' in the Country and also the requirement for the replacement of the existing metering system to pre-paid metering system in a phased manner in the State.

As discussed in the previous paragraphs, Commission vide the Order dated 25.11.2025 has approved a total cost of Rs 195.30 crore for the implementation of smart pre-paid metering system for about 3 lakh consumers in the State including all Government consumers.

33. The instant petition filed by KSEBL for the approval of the billing procedure, meter rent, treatment of the security deposit etc of the Government consumers availing service connections at LT covering about 1,72,724 number of service connections out of the total 3 lakh connections proposed under Phase-1.

KSEBL further clarified that, the replacement of the meter for HT consumers is not initiated yet, and hence the billing procedures for HT consumers may be submitted to the Commission separately.

34. Commission has also examined the billing procedure submitted by KSEBL for the implementation of the Smart Prepaid Metering System for the Government consumers availing supply at LT as detailed in paragraphs 7 to 20 of this Order. In this matter, Commission may clarify the following;

- (1) KSEBL may adopt the billing procedure as proposed in paragraphs 9 to 16 above for the implementation of Smart Prepaid Meter for Government consumers availing supply at LT.
- (2) Commission may take appropriate decision on meter rent proposed by KSEBL, while appraising the billing procedures and related matters for the implementation of 'smart pre-paid metering system' for the entire consumers of the State. However, KSEBL is allowed to levy meter rent approved by the Commission vide the Tariff Order dated 05.12.2024 from consumers with 'Smart prepaid meters' till further orders.
- (3) As per the Section 55 of the EA-2003, the consumers have the choice to purchase meters including 'smart prepaid meters' as their own as per the specifications specified by CEA through Metering Regulations. Hence, KSEBL has to provide facilities for those consumers, who elect to purchase meter as their own. Such consumers are exempted from 'security deposit and meter rent'.
- (4) Billing procedure as above may be subject to minor changes, based on further learnings, if any, while approving the billing procedures for smart meter implementation, applicable to entire electricity consumers of the State.

Commission hereby clarifies that, the billing procedures approved as above is applicable to Government consumers availing electricity supply at LT level only.

35. KSEBL shall file separate petition for the approval for capital investment plan along with DPR and other relevant details for implementation of the 'Smart prepaid metering system' for the consumers proposed to cover under Phase-2 plan as well as for balance electricity consumers in the State. Commission may separately approve the billing procedures, adjustment of security deposit, meter rent etc separately based on a petition filed by KSEBL.

Order of the Commission

36. Commission after examining the petition dated 03.02.2026 filed by KSEBL for approval of the 'billing procedure for Smart Prepaid meters for Government consumers', as per the provisions of the Electricity Act, 2003, and other relevant Rules and Regulations in force, hereby Orders the following;
- (1) Approve the billing procedures for the implementation of the 'Smart Prepaid Metering System' for the Government consumers availing supply at LT as detailed under paragraph-34 above.
 - (2) KSEBL shall file separate petition for approval of the capital investment plan with all details for the implementation of 'Smart Metering System' for phase-2 and other categories of consumers, as per paragraph 35 above.

Petition is disposed of. Ordered accordingly.

**Sd/-
T K Jose
Chairman**

**Sd/-
B Pradeep
Member**

Approved for issue

**Sd/-
Rajendran K. V
Secretary**