

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present : Shri T K Jose, Chairman
Adv. A.J Wilson, Member
Shri B Pradeep, Member

OP No: 43/2025

In the matter of : Securing Orders for compliance under section 129 & 130 of Electricity Act 2003 against;

- (1) Levying the "Fixed Charge" unlawfully from the solar prosumers, based on the self-generation and consumption from the captive plant owned by them and;
- (2) Unlawfully retaining higher amount of Security Deposit from Solar Prosumers in respect of the electricity supplied.

Petitioner : (1) Shri Jameskutty Thomas
(2) Shri Mohandas K K
(3) Smt Mareena George Anthraper
(4) Shri Jacob Mathew
(5) Shri George C P
(6) Shri Asokan A M

Respondent : Kerala State Electricity Board Ltd (KSEB Ltd)

Hearings conducted : 27.08.2025 at Court Hall (Hybrid Mode)
02.09.2025 at Court Hall (Hybrid Mode)

Order dated 22.09.2025

1. Shri. Jameskutty Thomas and five others has filed a petition dated 24.07.2025 before the Commission against the following;
 - (1) Levying the "Fixed Charge" unlawfully from the solar prosumers, based on the self-generation and consumption from the captive plant owned by them and;
 - (2) Unlawfully retaining higher amount of Security Deposit from Solar Prosumers in respect of the electricity supplied.
2. Earlier, the first petitioner and nine others had filed a Writ Petition WP(C) No. 22030 of 2025 before the Hon'ble High Court of Kerala on 13.06.2025 with the following prayers;

“i. Issue a Writ of Mandamus or such other Writ or direction, directing the 3rd respondent KSERC to consider and dispose of Exhibit P9, P9(a), P9(b) and similar petitions submitted by the petitioners and similarly placed persons in relation to imposition of fixed charge upon prosumers as per Exhibit P1 Regulation 2020 and collecting disproportional and unreasonable security deposit, based on total consumption of electricity without reference to energy generated and consumed by the prosumers, immediately after hearing the petitioners and settle a tariff order in that regard,

ii. Issue a writ of Mandamus or such other writ or direction declaring that treating prosumers under Exhibit P1 Regulations 2020 at par with ordinary consumers of 4th respondent KSEBL while imposing fixed charge as discriminatory and violative of Article 14 of Constitution of India,

iii. Issue a writ of mandamus directing 3rd respondent to decide upon the propriety of imposing fixed charge on energy generated and consumed by a prosumer, without supply of electricity by 4th respondent KSEBL/ licensee, within a time specified by this Honourable Court after hearing the petitioners and others similarly placed in the matter and to conclude a due tariff order as per the provisions of Section 86 of Act 2003 and to implement the same without delay,

iv. Issue a writ of mandamus declaring that imposition of fixed charge by the 4th respondent KSEBL/ licensee upon prosumers covered by Regulation 2020, Exhibit P1 and imposing fixed charge without exempting the electricity generated and consumed by the prosumer as illegal, unauthorised, and unconstitutional and may direct the KSEBL/ licensee, 4th respondent to refund the amounts unauthorizedly collected from the prosumers including the disproportionate and illegal security deposit within a time specified by this Honourable Court, along with interest, thereon at commercial rate of interest,

v. Such writs or directions which this Hon`ble Court deems and fit and proper in the circumstances of the case and, vi. It is humbly prayed that this Hon`ble Court may be pleased to dispense with filing of the translation of vernacular documents.

vii. To award costs of the proceedings to petitioners from 4th respondent.”

In the meanwhile, the petitioners had filed the instant petition before this Commission on 24.07.2025 and, subsequently produced a copy of this petition before the Hon`ble High Court vide the additional submission dated 25.07.2025, as Exhibit P14 of the original WP(C) No. 22030 of 2025.

Subsequently, Hon`ble High Court vide the Judgment dated 29.07.2025 in petition WP(C) No. 22030 of 2025 has issued following directions to this Commission for compliance;

“2. The petitioners preferred Ext.P14 along with the requisite demand draft as seen from Ext.P15 before the Kerala State Electricity Regulatory Commission as regards the tariff applicable to the supply of electricity for domestic purposes (both single-phase and three-phase) from the prosumers (consumers using solar power). The postal receipt dated 25.07.2025 submitted as Ext.P16 shows that the same has been received by the 3rd respondent.

3. Given the above, there will be a direction to the 3rd respondent to consider Ext.P14 submitted by the petitioners and pass appropriate orders in accordance with law, with notice to them and after affording an opportunity of hearing. Orders as directed above shall be passed within six weeks from the date of receipt of a copy of this judgment. All the contentions of the parties are left open."

The first petitioner produced a copy of the Judgment of the Hon'ble before the Commission on 05.08.2025.

The Commission admitted the Exhibit P14 petition as OP No. 43 of 2025.

3. The summary of the issues raised by the petitioners in the petition dated 24.07.2025 against levying fixed charges from the prosumers is given below;

- (1) The petitioners are roof top solar prosumers who owns Captive Roof top Solar (RTS) plant installed at their premise for own consumption. Aggrieved by the unlawful levy of fixed charges by KSEBL against the electricity generated and used from the prosumer's own plant, many prosumers approached Consumer Grievance Redressal Forum (CGRF) and Electricity Ombudsman for redressal of the grievance. But the CGRF and Ombudsman failed to address the grievance presented by the petitioners and they were compelled to present the grievance vide WP (C) 22030 Of 2025 before the Hon'ble High Court of Kerala seeking justice. After deliberations with the Honourable Court, the petitioners decided to file a petition before the Honourable KSERC for settlement of our grievances as the Hon'ble Court finds KSERC as the appropriate forum for the settlement of the grievance.
- (2) Prior to the revision of fixed charges based on monthly consumption vide the Order OA No. 15/2018 dated 08-07-2019, fixed charges were levied based on the sanctioned load only. Therefore, the energy generation from the RTS plant and the consumption did not proportionately affect the prosumers who generated their own solar energy. However, until November—December 2022, KSEBL was collecting fixed charges from prosumers based solely on their monthly energy import. Since 2022 onwards, KSEBL has been collecting fixed charges based on the "total monthly consumption", which includes both imported and self-generated energy.
- (3) However, the laws, regulations, and financial principles, do not permit levying the fixed charge on energy generated and used by the consumer for his own solar plant for his own consumption.

In case of a roof top solar plant owned by a consumer, KSEBL have made no investment, nor have any operational expense incurred by them. All the investments and operational expenses are born by the consumer himself along with the subsidy (if any) provided by Gol in tune with the RE generation.

- (4) Roof Top Solar Plants installed by the prosumers are captive generating plants as per Section 9 of the EA-2003. As per Section 39(2) and 42(2) of the EA-2003, no surcharge is applicable to the open access consumers under captive use.
- (5) As per the tariff orders issued by KSERC under Section 61 and 62 of the EA-2003, and based on the KSERC (Terms and Conditions of Tariff) Regulations, 2021, the tariff have two components;
 - (i) Fixed charge and
 - (ii) Energy charge.

Normally for consumers under all categories (except domestic category), fixed charge is based on the connected load or contract demand of the electrical installation and energy charge is based on the units consumed during the billing period. But in case of domestic consumers, both the fixed charge and the energy charge is calculated based on the units consumed by the consumer during the billing period.

While calculating the fixed charge for domestic consumers based on the units consumed, KSEBL has adopted a different approach for consumers with solar plant, violating the fundamental principles specified for tariff determination in the electricity act and its subordinate regulations. Instead of accounting the energy supplied by the licensee (KSEBL) to the consumer, they are considering the total consumption including the electricity generated and consumed from consumer's own plant in addition to the electricity supplied by them.

As per tariff principles, appropriate return as fixed charge is deserved by the owner of the plant who supplies electricity to the licensee after building, operating and maintaining the plant! This is sheer violation of the basic laws in the country, violation of the tariff principles enacted in the Electricity Act and its subordinate regulations including KSERC (Terms and Conditions of Tariff) and the tariff orders issued by KSERC.

- (6) As per Section 86(1) (e) of Electricity Act 2003, The State Commission shall discharge the following functions, namely:

"Promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee.

As per the mandate of the Electricity Act, 2003 to promote renewable energy, Commission had notified the KSERC (Renewable Energy & Net metering) Regulations 2020 and its amendments. The electricity exchange between the distribution network of the licensee (KSEBL) and the Roof Top Solar plant of the consumer is to be governed and regulated by the provisions in this regulation in line with the Electricity Act, 2003, National Electricity Policy, Tariff Policy and various policy directives from Governments.

The retail tariff order issued for consumers by the Commission is meant to collect charges from the consumers to whom electricity is procured and supplied by the utility (not based on the units generated from the generator/captive generation plant of the consumer) through its distribution network. And the respective charges collecting through the tariff is defined by its two components, the fixed charge and energy charge, which are integral components of the relevant tariff.

The Regulation 21 (3) of the RE Regulations 2020 says that-, "In case the electricity supplied by the distribution licensee during any billing period exceeds the electricity injected in to the grid by the prosumer from his renewable energy system, the distribution licensee shall raise a bill for the net electricity consumption at the prevailing tariff, after adjusting any excess electricity banked from the previous billing period."

The Tariff order issued by KSERC vide Order dated 08.07.2019 and the prevailing tariff orders have mandated KSEBL to collect charges (both fixed charges and energy charges) from the domestic consumers based on the quantity of electricity supplied. Accordingly, KSEBL is collecting energy charges based on the net energy supplied (Import - electricity availed from the banking balance - Export) which is in tune with the prevailing tariff order and the tariff principles. But the same domestic consumer is being charged with fixed charges on the basis of total volume of the consumption of electricity which include the quantity of consumption from the self-generation and the availed banked energy.

Energy Charge based on "net energy consumption" and fixed charge based on "net energy consumption + self-generated electricity consumed" is a wild interpretation of the tariff order as per the whims and fancies of the licensee which is against the basic philosophies of tariff determination and policy framework for encouraging RE generation.

Charges for captive generation through solar rooftop is not specified or envisaged in the relevant tariff order and using the tariff order for charging the generation from captive RTS plant is a violation of section 9 of electricity Act 2003, the tariff principles and natural justice.

- (7) According to Regulation 21 (6) of RE & Net-metering Regulation 2020, prosumer is exempted from the payment of transmission charges, wheeling charges, cross subsidy surcharges for the electricity generated

and consumed at the same premises from the renewable energy system under net metering facility.

The Net- Metering, Energy Accounting, Banking and Settlement of Energy account from RTS plant is governed by regulation 21 (3 & 4) of RE & Net-Meter regulation. The said regulation has taken care of energy banking aspects, and its compensations requirement based on national policy framework. Similarly, the regulation 17 (5) of RE & Net-Meter Regulation 2020 deals with the distribution losses and the applicable charges involved in wheeling of excess electricity from one of the premises to another. As such all the infrastructure charges involved in open access/ wheeling and banking of electricity has been considered and evaluated in KSERC RE & Net-Metering Regulation, 2020 and appropriate charges are being collected by KSEBL from the prosumers.

- (8) The Solar roof top plant installed in India is mandated to comply with Central Electricity Authority (Technical Standards for Connectivity of the Distributed Generation Resources) Regulations, 2013 and its amendments. The Regulation 5(8) deals with metering requirement of distributed generation which includes the solar roof top plants and accordingly meters shall be provided as specified in the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 for the purpose of metering. Only "net meter" is specified in the CEA metering regulation under consumer metering. The "generation meter", through which the self-generation data is accounted, is classified under auditing and accounting meter. The audit and accounting meter is not a mandatory requirement for a prosumer or an RTS plant owner.

As per regulation 4(2) of the KSERC (RE & Net-Meter) regulation 2020, generation meter is specified for accounting the total generation from the rooftop plant towards RPO (Renewable Purchase Obligation) requirement of the distribution licensee (KSEBL) against the benefit banking facility provided to the consumer. The plant owner loses the claim for REC (Renewable Energy Certificate) for the energy generated in his plant by allowing his self-generation accounted for RPO of the licensee (KSEBL). The generation meter, installed as a part of the installation of the prosumer for accounting total generation is a generosity of the prosumer as it is not a mandatory requirement. It is observed that this generosity is being misused to burden the prosumer with additional charges without any authority.

As such, the fixed charges levied based on the consumption from the self-generation and the electricity availed from banking balance for the consumption in consumers own premise from his own solar plant is illegal. It violates the spirits of the natural justice, the provisions in the Electricity Act, its subordinate regulations, provisions in KSERC RE & Net-Metering Regulations and defeat the objectives perused in the national power policy. It is against policies and programs designed by GoI & GoK for encouraging renewable generation, and particularly the

roof top solar plants. It violates the essence of the tariff order issued by KSERC and KSERC (RE & Net-Meter) regulation, 2020.

Hence, the petitioners prayed before the Commission that, the illegal collection of the fixed charge may be stopped immediately, and excess amount collected by KSEBL must be refunded with interest. Appropriate direction may be issued to the respondents to manage the sector prudency in tune with the spirits defined in the Electricity Act, the National policies and the subordinate regulations in the regulatory framework.

4. Arguments raised by the petitioners against retaining higher Security Deposit from Solar prosumers is given below;

- (1) KSEBL is unauthorisedly holding large amount as Security Deposit without appropriate review as specified by the Electricity Act 2003 and the sub-ordinate regulations. The supply of electricity by the licensee (KSEBL) to the prosumers with solar rooftop plant is nominal as they have enough self-generation through the captive solar rooftop plant in their ownership. Under this scenario security requirement against the supply of electricity by KSEBL should be drastically reduced. But instead of reviewing the security requirement as per the provisions specified in Electricity Act read with Supply Code 2014 & KSERC (Terms and Conditions for Tariff) regulation, 2021 and refunding it to the consumers, KSEBL chooses to retain the high amount without any authority violating the laws in letter and spirits and the provisions specified in appropriate regulations.
- (2) Section 47 of EA 2003 authorises distribution licensee (KSEBL) to collect reasonable security for all the monies due to the Licensee (KSEBL) in respect of the electricity supplied to the consumer. If the consumer is prepared to take supply through a pre-payment meter, the distribution licensee is not entitled to require the security towards electricity supplied. As such, it is very clear that the amount of security is proportional to cost of the quantum of electricity supplied by the licensee to the consumer over a period of time as specified in appropriate regulations.
- (3) The Supply Code 2014 read with relevant provisions in Electricity Act and KSERC tariff regulations unequivocally states that the security deposit requirement towards supply of electricity for prosumers with Solar Roof Top plant is two times the average monthly bill amount, as the solar roof top prosumers are under monthly billing system and they are using postpaid metering infrastructure in Kerala. The prosumers in Kerala are already suffering due to lack of appropriate metering infrastructures with pre-paid smart meters. Loading them with high amount of security deposit without any authority can be considered as harassment and non-compliance of the policy directives for RE encouragement prophesised by the Governments.
- (4) As per regulation 73 of the Supply Code 2014 read with regulation 67 of the supply code, the consumption pattern with respect to the supply of

electricity requirement from KSEBL to the prosumer from April to March of the previous financial year must be reviewed for assessing the adequacy of the security deposit. If it is found that the security deposit available with the licensee is more than what is required, the excess amount shall be refunded to the consumer and such refund shall be made without any other formalities, by way of adjustment in a maximum of two ensuing electricity bill.

However, this is not happening in case of prosumers with solar roof top plant in its letter and spirit. Hence appropriate directions may be issued to the respondents to ensure timely compliance of the envisaged system and appropriate compensation for the affected parties.

Hence the petitioners, requested that compliance Orders under Section 129 & 130 of Electricity Act 2003 may be issued to the distribution licensee KSEBL to comply with the provisions in the Electricity Act 2003 read with KSERC (Terms and Conditions of Tariff) Regulations 2021, KSERC (RE & Net-meter) Regulation 2020, CEA (Installation and Operation of Meters) Regulations 2006 & Supply Code 2014, regarding collection of fixed charges and retention of security deposit from the petitioners and other prosumers.

Counter affidavit by the respondent KSEBL

5. The respondent KSEBL vide the affidavit dated 01.09.2025 has submitted the counter affidavit against the petition filed by the petitioners Shri. Jameskutty Thomas and five others. Its summary is given below.

- (1) The present petition has been filed by the petitioners before the Commission under Section 129 and 130 of the EA-2003. The petition lacks merit and rationale and not maintainable as there is no violation or contravention of any of the conditions stipulated in the licence, nor of the conditions governing the grant of exemption. Furthermore, there is no breach of any provision of the Electricity Act, 2003 by this licensee.

As there is no contravention under section 129 of the Act, there is no locus standi in preferring a petition under section 130 of the Act also and hence prayed before the Hon'ble Commission that Hon'ble Commission may kind enough to reject the petition without going into its merits.

- (2) KSEBL acted in accordance with the provisions of the KSERC (Renewable Energy & Net Metering) Regulations, 2020 and its amendments, which governs the connection of the Solar PV systems and the billing methodology applicable to solar prosumers. Further, the utility has relied upon the tariff orders issued by the Commission for billing all categories of consumers, including solar prosumers, who have entered into valid agreements or submitted undertakings for the supply of electricity corresponding to their sanctioned connected load.

- (3) Commission vide Tariff Order dated 08.07.2019, introduced a consumption-based methodology for levying fixed charges on domestic consumers in the State of Kerala. Under this revised framework, fixed charges were based on the quantum of consumption and the nature of supply.

In accordance with the regulatory practice, KSEBL issued a billing circular subsequent to the tariff order, incorporating the revised tariff structure and detailing the billing methodology to ensure uniform implementation across the State. Pursuant to this, vide circular dated October 2019, specific directions were issued to the IT Wing and field offices to levy fixed charges based on the total consumption of solar prosumers, aligning with the consumption-based approach adopted by the Commission. This operational directive was duly communicated to the Commission vide the letter dated 05.08.2019.

- (4) Levying fixed charges lawfully from the consumers

Tariff orders issued by the Commission permit KSEBL to levy fixed charge from domestic consumers based on their consumption. A solar prosumer is also a consumer with valid agreement for supply/undertaking with the licensee for a definite sanctioned load marked in the application.

So, any consumption of energy to cater sanctioned load can be treated as a consumption of electricity irrespective of source of supply. So KSEBL is levying fixed charge lawfully from all domestic consumers including solar prosumers.

- (5) Tariff principles and solar roof top plants

As per the provisions of the EA-2003, the captive generating plant and a generating station have different connotations. A captive plant has a consumption aspect. The supply of electricity from a captive plant to the grid is subject to regulation, and open access for captive plants shall be contingent upon the availability of adequate transmission facilities. The availability of the intra-state transmission facilities is made by the State Transmission Utility.

Section 61(a) and Section 62(a) are applicable to generating companies, transmission companies and distribution licensees, and not applicable to solar prosumers. Moreover, KSEBL has not made any differentiation in the billing of domestic solar prosumers beyond what is stipulated in the applicable tariff order and the Kerala State Electricity Regulatory Commission (KSERC) Net Metering Regulations, 2020.

Regulations 43 and 44 of the Tariff Regulations are applicable only to generating stations and do not extend to captive generating plants or rooftop solar installations.

- (6) Determination of tariff
Electricity Act, 2003 emphasizes the need for levying the fixed charge from consumers as per section 46(3) of the Electricity Act, 2003 and the same is extracted below:

*“(3) The charges for electricity supplied by a distribution licensee may include
(a) a fixed charge in addition to the charge for the actual electricity supplied;
(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee.”*

KSERC had adopted various methods to permit the licensee to realize the fixed charge. For domestic connection, consumption is the criteria and for LT VI(D) General, VI(E) General / VIII(B) categories, number of connections is the criteria and rest of the consumer's connected load is the criteria.

The basic concept of the fixed charge is the infrastructure cost to be maintained by KSEBL to provide quality power supply to the needy consumers. The infrastructure is required to be maintained for the prosumers also for supplying power to the prosumers in the absence of solar generation and for exporting the solar generation.

The understanding of the petitioner is that fixed charges are collected by KSEBL for the solar plant built by them is entirely wrong and baseless. There is no dispute in levying fixed charges for all other consumers (including HT) where fixed charge is based on connected load or billed demand or per consumer basis.

KSEBL must maintain the supply network for the entire connected load of the installation, irrespective of whether it is catered by the Licensee or through generation at the premises. Furthermore, during evening or peak hours, the entire load of grid-connected solar consumers is catered to by the distribution network, even in cases of nil or partial generation.

A grid-connected solar power plant requires grid supply for generation also. If there is no grid, the solar inverter is turned off and the generation is curtailed.

The fixed cost is linked to the network cost, which, in turn, is associated with the fixed cost burden of the utility. This includes fixed nature of expenses like capacity charges in the power purchases, transmission charges, operation and maintenance (O&M) charges, interest and finance charges, and depreciation. The fixed cost accounts for approximately 64% of the total Annual Revenue Requirement (ARR) of the utility. However, only around 20-30% of this is recovered as fixed charges from consumers.

A robust and reliable distribution network is essential to manage both the export of excess energy into the grid and the import of energy during non-solar hours and also during the period of low and nil solar generation during solar hours—both of which justify the levying of fixed charges, as approved by the KSERC.

As per section 43 of the Electricity Act, 2003, KSEBL is bound to maintain the electric plant or line for giving electric supply for the consumers as per the request for meeting their connected load. No revision in connected load is made by the prosumer in the agreement executed with the licensee after installation of the plant.

During the financial year 2024–25, KSEBL invested approximately Rs.4500Cr. under its capital investment scheme for providing infrastructure for the consumers /prosumers in the State. Therefore, a portion of the fixed cost burden is levied as a fixed charge on consumers, including prosumers, based on their total consumption.

Total consumption is calculated as follows:

Total consumption = Import-Export+ Solar Generation.

The total consumption of the consumer is a reflection of the total connected load of the prosumer.

A healthy distribution network is required by the Solar prosumers for drawal (import) and injection (export) of energy into the grid. Sometimes, solar generation and import of energy from the grid may occur simultaneously.

During solar hours, the prosumers require the network to export energy into the grid. Non-solar hours between 18:00 hrs to 06:00 hrs, the prosumers also meeting the energy from KSEB lines.

KSEBL also submitted that, it has to arrange costly power from short term market during non-solar hours in lieu of the banked units during solar hours thus causing extra burden to the utility. The present rate of power during peak hours is about Rs 10/unit.

- (7) KSEBL further submitted that, the annual fixed cost obligation of the utility is Rs 12500 crore, whereas Rs 3500.00 crore only realised through fixed charge. In the case of domestic category, the fixed charge constitutes 15% of the total electricity charges. Hence, a substantial portion of the fixed charge is also recovered through energy charges.

KSERC (Renewable Energy & Net Metering) Regulations, 2020 and its amendment deals with the energy accounting and billing under net metering system only. These Regulations does not deal with the recovery of fixed charge/ demand charge.

In the case of solar prosumers, energy charge is effectively nullified by adjustment of banked units. As a result, the burden of unrecovered fixed cost is disproportionately borne by non-solar consumers.

The RE Regulations, 2020 does not provide any exemption from fixed charges for prosumers.

- (8) KSEBL also submitted the month wise details of the energy consumption of the 1st petitioner including import, export, generation from the Solar PV, the energy charge, fixed charges etc paid by him for the period from January 2025 to August-2025. As per the details submitted by KSEBL, the average monthly generation of the 1st petitioner from solar PV is 707 units, and average monthly consumption is 464unit. Further average monthly import is 339units, and average monthly export is 582 units.

The net consumption, after netting off the import against the solar PV generation is zero, hence the energy charge payable is zero. Actually, the petitioner is banking energy with KSEBL after his use.

The average monthly fixed charge payable by the petitioner is Rs 281 units. If the petitioner does not have Solar PV, the energy charge including duty payable by the 1st petitioner is Rs 4211/- per month (average).

Further, the first petitioner wheeled the excess energy generated from his plant to another premises owned by him, bearing Consumer No. 1155564001526 under the Electrical Section, Thripunithura. The total energy consumption at this wheeled-in premises for the past eight month was 1,605 units, whereas the billed consumption was only 6 units during the same period.

The total energy imported by the petitioner from the KSEBL grid at the two premises is $(2710+1605 = 4315)$ units, average 540units per month) during non-Solar hours using the KSEBL distribution infrastructure. Similarly, total solar energy exported by the petitioner to the KSEBL grid during solar hours is 4682units (average 582 units) per month. However, the petitioner wants to avail himself these facilities without payment of fixed charge to the KSEBL for using the distribution infrastructure.

- (9) Security deposit collected from Solar prosumers without any authority.

KSEBL submitted that, as solar is an infirm power source, the licensee is required to supply power to prosumer as and when needed. Accordingly, the review of the security deposit is carried out based on the average total monthly consumption, as mandated under sub-regulation (2) of Regulation 73 of the Kerala Electricity Supply Code, 2014. The said regulation is extracted below:

(2) The consumer is required to maintain a security deposit as specified in sub regulation (6) of regulation 67 of the Code, where 'average monthly bill' shall be calculated based on the average monthly consumption of the previous financial year and the prevailing tariff as on the date of demand of security deposit.

In the event of a plant failure, the consumer must rely entirely on grid supply. If the consumer fails to remit regular electricity charges, KSEBL is entitled to forfeit the entire security deposit to recover the outstanding dues. When the security deposit is calculated based on average billed consumption, there is a risk of under-recovery, which may necessitate revenue recovery proceedings. To mitigate such risks, the security deposit is maintained based on the average total consumption.

As per the Tariff Regulations, 2021, the security deposit collected from consumers shall be deducted from the working capital requirement. However, due to the reduction in billed consumption by solar prosumers, the corresponding security deposit amount also decreases. This leads to an increase in the working capital requirement, which may, in turn, result in a higher tariff burden on other consumers. So, KSEBL request that, it may be permitted to collect ACD based on average total monthly consumption.

6. First hearing of the petition was conducted on 27.08.2025. Shri. Adv. Mohan Varghese along with the petitioners Shri. Jameskutty Thomas, Shri. George C.P, Shri. Jacob Mathew appeared before the Commission on behalf of the petitioners. The representative of KSEBL present during the hearing intimated that, the Senior Advocate engaged by the respondent has inconvenience to appear before the Commission on that date. Hence, KSEBL requested to grant permission to present the arguments on another convenient date acceptable to the Commission and the petitioners. Summary of the deliberations during the first hearing is given below;

- (1) Shri. George C.P, fifth petitioner submitted the following during the hearing;

- Until December 2022, KSEBL was collecting fixed charges from prosumers solely based on their monthly energy import. Thereafter, self-consumption also included while calculating fixed charges.
- The fixed charges levied based on total consumption of electricity from prosumers is against the provisions of Electricity Act, 2003. As per the Section 45 of the EA-2003, KSEBL can levy fixed charges only for the electricity supplied by the licensee. However, in the case of prosumers, the electricity generated from the Solar PV installed by them at their cost is being used for levying fixed cost. KSEBL cannot levy fixed charges for the energy not supplied by them.
- Rooftop solar plants installed by the prosumers are captive generation plants. As per the Section 9 of the Electricity Act, 2003,

the supply of electricity from a captive generating plant through the grid is regulated like any other generating station. Hence levying fixed charges for the electricity generated and consumed from a CPP as a generating station is against the prevailing laws in the Country.

- CPPs have the right to have open access for their destination of use. As per Section 39(2) and 42(2) of the EA-2003, surcharge cannot be levied from CPPs while availing open access.
- The excess amount collected from RTS prosumers by factoring the electricity generated and consumed by them has to be recovered from KSEBL with interest.
- The tariff order issued by KSERC did not mandate or advice KSEBL to collect fixed charge factoring the energy consumed from self-generation from rooftop solar or from the energy availed from the banking balance of his RTS plant.
- All the infrastructure charges involved in open access/ wheeling and banking of electricity has been considered in the KSERC net metering regulation, 2020. Hence there is no rationale in levying fixed charge from solar prosumers.
- CEA (Technical standards for Connectivity of the Distributed Generation Resources) Regulations, 2013, deals with standards and codes of practice for distributed generation plant which includes RTS plants. The regulation 5(8) deals with metering requirement of distributed generation and accordingly meters shall be provided as specified in the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 for the purpose of metering.

Accordingly, only “net meter” is specified in this CEA metering regulation under consumer metering. The “generation meter”, through which the self-generation data is measured and accounted, is classified under auditing and accounting meter. The audit and accounting meter is not a mandatory requirement for RTS prosumer or an RTS plant owner. Thus, the installation of generation meter is to be done under mutual agreement only as the owner of the plant owns the generation Meter also.

As per regulation 4(2) of the KSERC (RE & Net-Meter) regulation 2020, generation meter is specified for accounting the total generation from the rooftop plant towards RPO (Renewable Purchase Obligation) requirement of the distribution licensee (KSEBL) against the benefit of banking facility provided to the consumer. The generation meter, if installed, is part of the prosumer installation and licensee do not have any mandate to install any equipment or meter in the installation without the consent of the prosumer.

Considering these facts, Shri. George C.P prayed before the Commission the following;

- (i) The illegal collection of the fixed charge from the RTS prosumers for self-generation may be stopped immediately and excess amount collected unlawfully by KSEBL may be refunded with penal interest.
 - (ii) Installation of generation meter in the consumer premise may be made optional and with mutual agreement between Prosumer and KSEBL acknowledging the freedom the right and the privacy of the prosumer in tune with CEA Metering regulation.
- Regarding the security deposit retained by KSEBL from the Solar prosumers, Shri. George C.P submitted the following;
- (i) KSEBL is unauthorisedly holding the large amount as Security Deposit without appropriate review as specified by the Electricity Act 2003 and the sub-ordinate regulations. The supply of electricity by the licensee (KSEBL) to the prosumers with solar roof top plant is nominal as they have enough self-generation through the captive solar roof top plant in their ownership. Under this scenario security requirement against the supply of electricity by KSEBL should be drastically reduced.
 - (ii) Instead of reviewing the security requirement as per the provisions specified in Electricity Act read with Supply Code & KSERC (Terms and Conditions for Tariff) regulation, 2021 and refunding it to the consumers, KSEBL chooses to retain the high amount without any authority violating the laws in letter and spirit and the provisions specified in appropriate regulations.

Hence, Shri. George C.P, prayed the following before the Commission;

- (i) To direct KSEBL to refund the excess security amount retained by it towards the supply of electricity with penal interest for the delay.
 - (ii) Third-party audit and verification of the relevant software by accredited and approved agencies may be arranged to ensure compliance of relevant regulations by KSEBL within the specified time limit.
- (2)** Shri. Jameskutty Thomas, the first petitioner submitted the following during the hearing;
- As per Section 45 of Electricity Act, 2003, the licensee has the power to recover fixed charges along with energy charges. Further, as per

Section 62 of the EA-2003 the licensee can recover the fixed charges and energy charges as per the tariff decided by the Regulatory Commission. However, as per Section 62(6) of the EA-2003, if the licensee had collected an amount, over and above the tariff approved by the Commission, the same should give it back to the consumers with interest.

- The electricity exchange between the distribution network of the licensee and the rooftop solar plant of the consumer is governed by the KSERC (Renewable Energy and Net Metering) Regulations, 2020.
- The fixed Charges collected from a domestic consumer after supplying electricity based on his demand is calculated based on the "units supplied" by the licensee to him though it is "the connected load or contract demand" for all other categories of consumers.
- As per regulation 21 (3) of the RE Regulation, 2020 stipulates that, "In case the electricity supplied by the distribution licensee during any billing period exceeds the electricity injected into the grid by the prosumer from his renewable energy system, the distribution licensee shall raise a bill for the net electricity consumption at the prevailing tariff, after adjusting any excess electricity banked from the previous billing period." Further, the RE Regulation 2020, specifies that "billing based on net electricity consumption in the prevailing tariff".
- The tariff Order issued by the Commission vide dated 08.07.2019 and prevailing tariff orders mandated that KSEB Ltd shall collect charges i.e., fixed charges and energy charges from the domestic consumers based on the quantity of electricity supplied.

However, the domestic prosumers are charged with fixed charges on the basis of total volume of the consumption of electricity which include the quantity of consumption from the self-generation and the availed banked energy. The Energy Charge is based on "net energy consumption" and fixed charge based on "total consumption of the prosumer including consumption from the self-generation" is a wild interpretation of the tariff order as per the whims and fancies of the licensee which is against the basic philosophies of tariff determination and policy framework for encouraging RE generation.

- The tariff order issued by the Commission did not mandate or advise KSEBL to collect Fixed Charge based on the total volume of electricity used by the prosumer including the volume used by the consumer from the self-generation of electricity from the solar plant (the RE captive plant) installed by him or from the energy availed from the banking balance of his captive plant.

- The charges applicable for generation part of the prosumer who are consuming electricity from the self-generation is governed by RE & Net-Meter regulations, 2020 and its amendments issued by KSERC.
 - Further submitted that as per the Order issued by CGRF the tariff order issued by KSERC did not mandate or advise licensee to collect FC based on the total volume of electricity used by the prosumer including the volume used by them from the solar plant installed at the roof top.
- (3) Adv. Shri. Mohan Varghese, appeared on behalf of the petitioners 2, 3, 4 and 6 submitted the following during the hearing.

- The Commission is well aware of the fact that the Fixed Charge is based on the energy consumed by the consumer. In the case of domestic consumers, both the fixed charge and the energy charge is calculated based on the units consumed by the consumer during the billing period.

However, for calculating the fixed charge for domestic prosumers, KSEBL has adopted a different approach for consumers with solar plant. Instead of accounting the energy supplied by the licensee to the consumer, they are considering the total consumption including the electricity generated and consumed from consumer's own plant in addition to the electricity supplied by them. That is, the fixed charge for a solar prosumer is based on the electricity supplied plus electricity generated and consumed from consumer's own plant.

However, KSEBL has made no investment in building and commissioning the plant, nor have incurred any expense towards operation and maintenance of the solar roof top plant. Further, KSEBL is demanding additional charges as extra fixed charge for a plant not build, not operated and not maintained by them and for electricity not supplied by them. As per tariff principles, appropriate return as fixed charge is deserved by the owner of the plant who supplies electricity to the licensee after building, operating and maintaining the plant. Hence, it is requested before the Commission that the Commission may clarify through an Order for the definition of total consumption.

- The security deposit requirement towards supply of electricity for the prosumers is two times the average monthly bill amount. However, the supply of electricity by the licensee to the prosumers is nominal even reduced to zero as they have enough self-generation through the captive solar plant installed by them. Under this scenario security deposit requirement against the supply of electricity by the KSEBL should be drastically reduced. But instead of reviewing the security requirement as per the provisions specified in the Kerala Electricity Supply Code and refunding it to the consumers, KSEBL chooses to retain the high amount without any authority. Hence, the licensee is

required to refund the excess amount to the consumers and such refund shall be made without any other formalities, by way of adjustment.

(4) Shri Jacob Mathew, fourth petitioner has also submitted the following during the hearing.

- There should be equity and fairness in the matter of Fixed Charge collection. A consumer can reduce their consumption in two ways, firstly by improving the efficiency of the electrical appliances used by the consumer, and secondly by installing a REGS. The benefit of reduction in fixed charge for the consumer installing REGS is lesser than the consumer adopting electrical appliances with higher star rating. The fixed charge of the prosumer is not reducing even after the investment in the RE. This scenario is happening due to the formula proposed by the KSEB Ltd for the computation of fixed charge. Hence Shri. Jacob Mathew requested before the Commission to direct KSEBL to stop the illegal collection of fixed charges from the domestic prosumers.

(5) As requested by KSEBL and considering the convenience of the petitioners, second hearing on the petition is scheduled on 02.09.2025.

7. Adv. Mohan Varghese, the counsel of the petitioners vide the affidavit dated 02.09.2025, produced electricity bills of the petitioners and other prosumers, showing the security deposit retained by the respondent KSEBL, as well as the average monthly consumption.

8. Second hearing was conducted on 02.09.2025 through hybrid mode. Senior Advocate Shri. Raju Joseph appeared on behalf of KSEBL through online. Adv. Shri. Mohan Varghese and Shri. Jacob Mathew appeared in person on behalf of the petitioners. Summary of the deliberations during the second hearing is given below.

(1) Respondent KSEBL submitted the following during the hearing held on 02.09.2025.

- The basic concept of the fixed charge is to recoup the investment on infrastructure to be maintained by KSEBL to provide quality power to the electricity consumers of the State. The infrastructure is required to be maintained for the prosumers also for supplying power to the prosumers in the absence of solar generation and for exporting the solar generation.
- The fixed cost accounts for approximately 64% of the total Annual Revenue Requirement (ARR) of the utility. However, only around 20-30% of the fixed cost is recovered as fixed charges from consumers. A robust and reliable distribution network is essential to manage both the export of excess energy into the grid and the import of energy during non-solar hours and also during the period of low and nil solar

generation during solar hours-both of which justify the levying of fixed charges, as approved by the KSERC. The Contention of the petitioners that they have not to pay any fixed charges when they are not consuming from the grid of KSEB Ltd is baseless.

- As per section 43 of the Electricity Act, 2003, KSEBL is bound to maintain the electric plant or line for giving electric supply for the consumers as per the request for meeting their connected load. The KSEBL is levying the infrastructure cost from the consumers through fixed charge/ demand charge.
- For all consumers except LT domestic consumers the Fixed charges are levied on the basis of Connected load/Contract Demand. In the Case of LT domestic consumers considering the practical difficulty in finding out the connected load of LT consumers the fixed charge is based on their consumption.
- Whenever, the energy exported/imported and banked from the solar plant the whole infrastructure of KSEBL is used by the prosumer. A grid connected solar power plant requires grid supply for generation also. If there is no grid, the solar inverter is turned off and the generation is curtailed.
- The contention of the petitioners that the net energy for which they are drawn back from the KSEB Ltd grid cannot be the basis for the Fixed charges. The network of KSEB Ltd is required for drawal(import) and injection(export) of energy in case of solar prosumers. Fixed charge is a component of total investment which the petitioners are utilizing the electrical network of KSEB Ltd in both ways i.e., used for banking and energy consumption during non-solar hours.
- KSEBL submitted that, solar is an infirm power source, the licensee is required to supply power to operate the equipment at the premises whenever needed. Accordingly, the review of the security deposit is carried out based on the average monthly consumption, as mandated under sub-regulation (2) of Regulation 73 of the Kerala Electricity Supply Code, 2014.

In the case of prosumers, in the event of a plant failure, the prosumer must rely entirely on grid supply. If the consumer fails to remit regular electricity charges, KSEBL is entitled to forfeit the entire security deposit to recover the outstanding dues. When the security deposit is calculated based on average billed consumption, there is a risk of under-recovery, which may necessitate revenue recovery proceedings. To mitigate such risks, the security deposit has to be retained for the total consumption of the prosumer.

- As per the Tariff Regulations, 2021, the security deposit collected from consumers shall be deducted from the working capital

requirement. However, due to the reduction in billed consumption by solar prosumers, the corresponding security deposit amount also decreases. This leads to an increase in the working capital requirement, which may, in turn, result in a higher tariff burden on other consumers. Hence, KSEB Ltd requested that they may be permitted to collect ACD based on average total monthly consumption.

- (2) Adv. Mohan Varghese, the counsel of the petitioners submitted that, their arguments were presented before the Commission during the hearing held on 27.08.2025. The counsel requested before the Commission to incorporate the definition of the energy consumption of the prosumers in the Order on the subject matter.
- (3) Shri. Jacob Mathew, fourth petitioner during the hearing submitted the following;
- The contention of the respondent KSEBL that petitioners argued against levying fixed charge is baseless. As per the Section 45 of the EA-2003, the licensees can collect the fixed charges from the consumers at the tariff approved by the Commission.
 - As per the Section 45 of the EA-2003, it is specified that the prices are to be charged for the electricity supplied by the licensee. In the present cases, the petitioners are generating electricity through their own REGS and it cannot be interpreted that, the electricity is generated by the KSEB Ltd. Hence, in this case the petitioners are generating energy from the REGS and consuming themselves, which are exempted under the purview of this section.
 - Shri. Jacob Mathew further submitted that according to KSEB, security deposit is same kind of caution deposit. In most of the months the consumption of the prosumers is zero. Hence, the respondent KSEB Ltd should refrain from keeping excess SD when the consumption is zero.
 - Shri. Jacob Mathew also submitted that, levying fixed charge based on consumption is not correct, and the same should be levied based on connected load. Since consumption is not a true representation of connected load, the consumption pattern of the consumer will vary from season to season. Moreover, the connected load is already reflected in the electricity bill of all prosumers, so it is baseless to say that a fixed charge cannot be levied on prosumers based on the connected load. The petitioner's dispute is on the methodology adopted for the levying of the fixed charges. Hence, the fixed charge levied by the KSEBL for the prosumers shall be on the connected load of the prosumers, instead of consumption of the prosumers.

- Adv. Mohan Varghese concurred with the methodology suggested by Shri. Jacob Mathew and submitted that the petitioners are agreeable for levying fixed charges based on connected load.
- (4) During the hearing, Commission has directed KSEBL to verify the electricity bills of the petitioners and prosumers submitted by the counsel for the petitioners, and to submit the authenticity of the bills by return.
9. The first petitioner vide the affidavit dated 4th September 2025 submitted that, the content in the original petition filed before the Commission, the presentations, the statements and arguments made by the petitioners during the hearings on 27.08.2025 and 02.09.2025 have appropriately addressed the matters put forth by KSEBL in the counter affidavit submitted by them. Hence, the petitioners do not have nothing more to add to documents submitted and statement made by them.
10. In compliance of the direction of the Commission, KSEBL on 09.09.2025, submitted its remarks on the affidavit filed by the petitioners regarding retaining higher amount of security deposit from the petitioners and other domestic prosumers. Its summary is given below.
- (1) KSEBL is maintaining the security deposit as per Regulation 67 (6) of the Kerala Electricity Supply Code, 2014 (and its amendments) and the review of the deposit is being done as per Regulation 73 of the Code.
 - (2) Amount of security deposit shall be calculated based on the average monthly consumption of the previous financial year and the prevailing tariff as on the date of demand of security deposit.
 - (3) As per Regulation 73(6) of the Code, the consumer is required to maintain a security deposit as specified in sub-Regulation (6) of Regulation 67 of the Code, where 'average monthly bill' amount shall be calculated based on the average monthly consumption of the previous financial year and the prevailing tariff as on the date of demand of security deposit.
 - (4) As per section 67 (6) of the Code, the consumer shall maintain with the Licensee, two months average bill amount in the case of monthly billed consumers. As the solar prosumers are monthly billed consumers, KSEB Ltd is maintaining two times average bill amount as security deposit.
 - (5) KSEBL for the purpose of arriving security deposit, reckoned the total consumption as the basis of arriving security deposit for solar prosumers also.
 - (6) The rationale for levying security deposit for the total consumption is submitted before the Hon'ble Commission vide counter affidavit dated 01.09.2025 and the same is reproduced below:

“In the event of a plant failure, the consumer must rely entirely on grid supply. If the consumer fails to remit regular electricity charges, KSEB Ltd. is entitled to forfeit the entire security deposit to recover the outstanding dues. When the security deposit is calculated based on average billed consumption, there is a risk of under-recovery, which may necessitate revenue recovery proceedings. To mitigate such risks, the security deposit is maintained based on the average total consumption.”

(7) The analysis of the bills submitted by the petitioners is given below.

Case No.	Consumer No.	Total Consumption (kWh)	Avg. bill amounts as per invoices (Rs)	Avg. bill amount based on total consumption (Rs)	SD as per invoices (Rs)	SD for total consumption (Rs)	SD retained by KSEBL (Rs)
1	1156015022507	663	1455	6410	2910	12819	17676
2	1157317001432	539	1205	5269	2411	10538	17481
3	1165957032231	198	221	1205	443	2410	10683
4	1146192002795	461	403	4088	806	8177	10038
5	1156127023769	426	420	3800	841	7599	10014
6	1146485007327	467	1295	4138	2589	8276	6300
7	1155677023722	296	293	2238	585	4476	5108

KSEBL submitted that, it had been maintaining excess security deposit in some cases, in excess of the required amount based on total consumption. The bills of prosumers are raised on monthly basis where as the bills for the ordinary LT consumers are raised on bi-monthly basis. Three months average bill amount is maintained as security deposit for the bi-monthly billed consumer, whereas in the case of prosumers whose bills are raised on monthly basis has to maintain security deposit for 2 months average bill amount. However, instead of refunding the excess amount resulting from the change in billing frequency, KSEBL retained the original deposit. Considering the above aspects, KSEBL will take appropriate action to refund the excess security deposit at the earliest.

KSEBL requested that, they may be permitted to maintain the security deposit amount based on the average total monthly consumption.

Analysis and Decision of the Commission

11. Commission has carefully examined the petition filed by Shri. Jameskutty Thomas and five others, the counter affidavit of respondent KSEBL, the deliberations during the hearings conducted on 27.08.2025 and 02.09.2025, additional submissions of the petitioners and respondent, provisions of the Electricity Act, 2003, and other subordinate Rules, Regulations and Orders in force, decide on the matter as follows;
12. The petitioners had filed the instant petition for securing Orders for compliance under Section 129 & 130 of the Electricity Act, 2003 against the following issues;

- (1) Levying the “fixed charge” unlawfully from the solar prosumers, based on the self-generation and consumption from the captive plant owned by them and;
- (2) Unlawfully retaining higher amount of Security Deposit from Solar Prosumers in respect of the electricity supplied.

Before going into the merit of the issues raised by the petitioners, the Commission has examined whether petition for securing Orders for compliance under the Section 129 and 130 of the Electricity Act, 2003 shall stand or not?

Section 129 and Section 130 of the EA-2003 is extracted below for ready reference.

“129 (1) Where the Appropriate Commission, on the basis of material in its possession, is satisfied that a licensee is contravening, or is likely to contravene, any of the conditions mentioned in his licence or conditions for grant of exemption or the licensee or the generating company has contravened or is likely to contravene any of the provisions of this Act, it shall, by an order, give such directions as may be necessary for the purpose of securing compliance with that condition or provision.

(2) While giving direction under sub-section (1), the Appropriate Commission shall have due regard to the extent to which any person is likely to sustain loss or damage due to such contravention.”

“130. The Appropriate Commission, before issuing any direction under section 129, shall--

- (a) serve notice in the manner as may be specified to the concerned licensee or generating company;*
- (b) publish the notice in the manner as may be specified for the purpose of bringing the matters to the attention of persons, likely to be affected, or affected;*
- (c) Consider suggestions and objections from the concerned licensee or generating company and the persons, likely to be affected, or affected.”*

As above, Section 129 of the EA-2003 can be invoked only when the Commission is satisfied that, the licensee is contravening or likely to contravene any of the conditions stipulated in the licence as per the provisions of the EA-2003 or violated any of the provisions of the EA-2003.

KSEBL is the successor entity to erstwhile KSEB which is fully owned by the Government of Kerala and is a deemed distribution licensee as per fifth proviso to Section 14 of the EA-2003. Deemed distribution licensees are governed by the provisions of the KSERC (Conditions of Licence for Existing Distribution Licensees) Regulations, 2006.

However, during the proceedings of the subject petition, the petitioners could not establish that, the licensee KSEBL has contravened any of the license conditions and provisions of the EA-2003. Hence, there is no locus standi in the instant petition filed before this Commission.

Even in case a more liberal view is taken to the extent that the impugned actions of the licensee amount to a clear case of violation of the provisions in the Act,

the course of action stipulated under the Act is very elaborate. It includes (i) the issue of notice to the licensee by the Commission clearly deliberating the findings of the Commission, (ii) publish the notice as specified, (iii) the consider the suggestions and objections of the licensee and the persons likely to be affected, or affected. Thus, it is clear that the course of actions stipulated under Sections 129 and 130 are distinct and different from the procedure to be followed under the Conduct of Business Regulations notified by the Commission for the disposals of the petitions filed before it.

13. However, in compliance of the directions of the Hon'ble High Court in the judgment dated 29th July 2025 in WP(C) No. 22030 of 2025, the Commission examined the instant petition in detail. The analysis and decisions of the Commission on the issues raised by the petitioners are detailed in the subsequent paragraphs.
14. The petitioners have raised the following issues before this Commission for detailed consideration and appropriate orders.

Issue No.1

Levying the “fixed charge” unlawfully from the solar prosumers, based on the self-generation and consumption from the captive plant owned by them and;

Issue No.2

Unlawfully retaining higher amount of Security Deposit from Solar Prosumers in respect of the electricity supplied.

Issue No.1: Levying the “fixed charge” unlawfully from the solar prosumers, based on the self-generation and consumption from the captive plant owned by them;

15. In order to appraise the Issue No.1 in detail, and to have a clarity on the entire matter in totality, the Commission decided to answer the following aspects related to the subject issue No.1 in detail.
 - (a) Evolution of the Solar Power Development in India.
 - (b) Whether the domestic solar prosumer is an electricity consumer of the distribution licensee as per the provisions of the EA-2003?
 - (c) Concept of Net Metering System
 - (d) What is the difference between the captive consumer and prosumer under Net Metering System?
 - (e) Whether the domestic solar prosumer under Net Metering System is using the distribution infrastructure created by the Distribution licensees? Whether, grid connected prosumers can successfully carry

out generation of solar energy without the support of the distribution grid established and maintained by the distribution licensees?

- (f) What are the provisions in the Electricity Act, 2003 enabling recovery of the cost incurred by the distribution licensees for providing electricity supply to the consumers/ prosumers?
- (g) Whether, the Solar prosumers under Net Metering System can claim exemption of the payment of fixed charge/demand charge while using the distribution infrastructure of the DISCOM?
- (h) What is the rationale behind the approval of the fixed charges linked to consumption of electricity instead of connected load/ contract demand for Solar LT domestic prosumers?

Each of the above matters are discussed in the following paragraphs.

(a) Evolution of the Solar Power Development in India.

16. The Electricity Act, 2003 (Central Act 36 of 2003 dated 02.06.2003) came into existence in the Country w.e.f 10.06.2003. The EA-2003 consolidate all the laws relating to generation, transmission, distribution, trading and use of electricity, tariff rationalisation, protecting interest of consumers, recovery of cost in reasonable manner etc.

A major amendment to the EA-2003 is notified in 2007, which is come into force from 15.06.2007. The major issues addressed in the amendment is regarding the elimination of cross subsidy and related matters.

17. At the time of enacting the Electricity Act, 2003, the development of Solar power in the Country was in the nascent stage. It can be seen from the public domain that, till the Year 2007-08, the grid connected solar capacity in the Country was very negligible. The Year wise grid connected solar capacity installed in the Country since the Year 2008-09 is given in the Table below.

Year wise details of the installed capacity of the solar energy capacity in India

Year	Grid Connected Solar including Roof Top solar			Roof Top Solar		
	Yearly addition	Total Solar capacity as on 31 st of the relevant year	(%) of increase over previous Year	Yearly addition	Total Solar capacity as on 31 st of the relevant year	(%) of increase over previous Year
	(MW)	(MW)		(MW)	(MW)	
Upto 31.03.2009		3				
2009-10	5.15	8.15				
2010-11	27.85	36				
2011-12	869	905				
2012-13	781	1686	86%			

2013-14	1135	2821	67%			
2014-15	1172	3993	42%			
2015-16	3131	7124	78%			
2016-17	5659	12783	79%			
2017-18	9563	22346	75%		1,064	
2018-19	6751	29097	30%	732	1,796	69%
2019-20	6510	35607	22%	719	2,515	40%
2020-21	5629	41236	16%	1,925	4,440	77%
2021-22	12761	53997	31%	2,205	6,645	50%
2022-23	12783	66780	24%	2,232	8,877	34%
2023-24	15033	81813	23%	2,993	11,870	34%
2024-25	23834	105647	29%	5,147	17,017	43%

Source. MNRE website

18. As can be seen from the above table , the Solar Power development was little at the time of the enactment of the EA-2003 in the country. Even though the Act provided for promotion of renewable energy along with co-generation, the distinct features and issues related to the development of on-grid distributed solar power generation including grid connectivity, accounting and billing of the consumers who install Solar PV systems etc were not considered while formulation of the EA-2003 and its amendment enacted in the Year 2007.

Accordingly, the subordinate Rules notified by the Central Government and Regulations notified by the Central Electricity Regulatory Commission (CERC) and the State Electricity Regulatory Commissions consistent with the provisions of the EA-2003 governs the development of the Solar PV systems in the Country since the Year 2008-09.

The major initiative in this regard is the Jawaharlal Nehru National Solar Mission (JNNSM) of the Central Government in the Year 2010. Subsequently, Central Government has been taking various initiatives including waiver of transmission charges for inter-state transmission, PM Surya Ghar: Muft Bijli Yojana for promoting residential rooftop solar with subsidies, the Solar Park Scheme, PM KUSUM scheme for agriculture consumers etc.

The SERCs in the States also have been taking various initiatives including mandatory Solar RPO targets for DISCOMs, Generation Based Incentives (GBI), Net Metering Regulations for the development of the roof top Solar PV system etc.

19. Kerala State Electricity Regulatory Commission (KSERC) is also taking various initiatives for the development of the Solar power in the State, including mandatory RPO targets for the DISCOMs, Generation Based Incentives for off-grid solar installations, Regulations for facilitating the development of the Solar PV systems in the State etc.

The major initiative in this regard is the KSERC (Grid Interactive Distributed Solar Energy Systems) Regulations, 2014, notified by this Commission on

30.06.2014. This regulation facilitates net metering facility and banking for Roof top system with capacity of and below 1 MW.

Subsequently, the Commission, duly considering the development of the Solar PV system in the Country as well as the various policies of the Central Government, has notified the KSERC (Renewable Energy & Net Metering) Regulations, 2020, and its amendments in 2022 and 2024.

Through the various facilities provide by the Commission through Regulations, and also with the various policies of the Central Government including the subsidies under the PM Surya Ghar, the Solar PV system including the grid connected Solar PV system has been developing in the State: at a faster phase than the same at National level.

20. The development of the grid connected Solar PV system since the Year 213-14 is given in the Table below.

Year wise details of the Solar capacity in the State of Kerala

Year	Solar Capacity including off-grid capacity			Roof Top Solar		
	Yearly addition	Total Solar capacity as on 31 st of the relevant year	(% of increase over previous Year	Yearly addition	Total Solar capacity as on 31 st of the relevant year	(% of increase over previous Year
	(MW)	(MW)		(MW)	(MW)	
2013-14		4.07				
2014-15	1.02	5.09	25%			
2015-16	16.07	21.16	316%			
2016-17	71.24	92.40	337%			
2017-18	35.69	128.09	39%		17.61	
2018-19	30.65	158.74	24%	20.98	38.59	119%
2019-20	3.64	162.38	2%	3.64	42.23	9%
2020-21	115.02	277.40	71%	34.68	76.91	82%
2021-22	85.78	363.18	31%	97.78	174.69	127%
2022-23	398.25	761.43	110%	266.00	440.69	152%
2023-24	261.36	1022.79	34%	234.56	675.25	53%
2024-25	516.15	1538.94	50%	515.55	1190.80	76%

Source. MNRE, Gol website

21. As discussed above, since the Solar development in the Country was in the nascent stage while enacting the EA-2003, the distinct features related to the development of the Solar PV systems including its infirmness, lack of inertia and particularly those related to the decentralised grid connected roof top systems at the distributed level, net metering facilities etc were not covered under the provisions of the EA-2003. Accordingly, the subordinate Rules and Regulations notified by the Central Government, CERC and the SERCs governs the development of the Solar PV system including roof top solar systems in the Country.

(b) Whether the domestic Solar Prosumer is an electricity consumer of the distribution licensee as per the Provisions of the EA-2003

22. Section 2(15) of the EA-2003 defines the electricity consumer as follows;

"consumer" means any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under this Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be;"

As above, any person, who is supplied with electricity by a distribution licensee, as well as any person whose premises is connected with the works of a licensee for the purpose of receiving electricity is an electricity consumer of that distribution licensee.

As per the Section 43 of the EA-2003, the distribution licensee is mandated to provide 24x7 basis as per the requirement of the consumer. The supply of electricity involves the supply of power as well as supply of energy. Power is measured in kW/ kVA basis, and the energy is measured in kWh. The infrastructure of the licensee is developed to meet the 'power' requirement of the consumer and is regulated on the basis of sanctioned connected load or approved contract demand. The energy is drawn by the consumer over a period using this sanctioned connected load/ contract demand.

23. The term 'Prosumer' is not defined in the Electricity Act, 2003, since it is a subsequent term that evolved along with the development of the Solar Roof Top system by the consumers at their premises for their own use.

Regulation 2(1) (bc) of the KSERC (Renewable Energy & Net Metering) Regulations, 2020 notified by the Commission on 7th February 2020 (Gazette Notification on 5th June 2020) defines the prosumer as follows;

(bc) 'Prosumer' means a captive consumer, having a renewable energy system installed at the same premise of the consumer who generates and consumes the electricity generated from such renewable energy system and who can also inject the surplus power from the renewable energy system into the grid using the same network;

As above, the prosumer is a consumer connected to the distribution system of the licensee. They are using the same distribution network for injecting the surplus energy from the RE system into the grid, they were using before the installation of the roof top solar (RTS) system.

The prosumers are keeping the connected load or contract demand with the licensee, as the case may be, to get supply from the distribution licensee when there is no generation from the RE system.

In the case of Solar prosumers, the electricity generation from the Solar PV system is limited to the solar hours, usually from say 8:30AM to 5:30 PM only. During non-solar hours including peak hours and night hours, these prosumers get supply from the distribution licensee.

Since the prosumers are maintaining the connected load/ contract demand with the licensee, the distribution licensee is also liable to provide electricity to the prosumers as and when they require the grid power, being a consumer of the licensee.

In effect, like other electricity consumers of the licensee, the prosumers are also using the distribution system of the licensee on 24x7 basis. Additionally, they are using the distribution system for exporting surplus power from the RE plant during solar hours. They are getting electricity supply from the licensee during the non-solar hours and during solar hours when the generation from the Solar PV is not sufficient to meet their instantaneous electricity demand.

Hence, it can be concluded that Prosumers are Consumers of the distribution licensee Both of them are using the distribution network developed and maintained by the licensee. The licensee has the obligations as per the Section 43 of the EA-2003 to provide electric supply (both power and energy) to the prosumers as long as they keep the connected load/contract demand with the licensee.

(c) **Concept of Net metering System.**

24. Net Metering System is one of the billing and accounting systems that evolved subsequent to enactment of the Act, to promote roof top solar systems in the Country for accounting the energy generation from the RE system installed by the prosumers.

25. The Regulation 2(1) (ao) of the KSERC (Renewable Energy & Net Metering) Regulations, 2020 defines the 'Net Metering' as follows;

(ao) "Net metering" means an arrangement under which renewable energy system installed at the premise of the prosumer receives or delivers electricity, if any, to the distribution licensee, after off-setting the electricity supplied by distribution licensee during the applicable billing period;

26. The Electricity (Right of Consumers) Amendment Rules, 2021 notified by the GoI, defines the 'net- metering' as follows;

(jb) "net-metering" means a mechanism whereby solar energy exported to the Grid from Grid Interactive rooftop Solar Photovoltaic system of a Prosumer is deducted from energy imported from the Grid in units (kWh) to arrive at the net imported or exported energy and the net energy import or export is billed or credited or carried-over by the distribution licensee on the basis of the applicable retail tariff by using a single bidirectional energy meter for net-metering at the point of supply;'

27. Under Net Metering System, the solar prosumers are allowed to offset the surplus energy injected during day time to the grid system of the distribution licensee against the energy imported (supplied) from the distribution licensee, as per the provisions of the Regulations notified by the Commission from time to time.

The Regulation 21 of the KSERC (Renewable Energy & Net Metering) Regulations, 2020, specifies the energy accounting, banking and settlement of the energy generated from the RE plants installed by the prosumers against the electricity supplied by the licensee during non-Solar hours.

From an examination of these provisions, it is clear that it deals only with the accounting and billing of 'Energy' transaction of a prosumer. Importantly, it does not provide for accounting of the 'Power' supplied by the licensee.

28. In effect under Net Metering System, which is a billing method, provide the facilities to the prosumers to net-off the energy supplied by the distribution licensee during non-Solar hours against the surplus energy injected into the grid during day time.
29. In some cases, when the surplus energy injected into the grid by the prosumers during solar hours is more than the energy supplied by the licensee, the net supply of electricity by the licensee for billing may be zero or having net surplus to bank with the licensee during the billing period.

In such cases, no energy charge is payable by the prosumer to the licensee. The net surplus energy after such accounting is either allowed to carry forward to the next billing period

Or,

Allow to settle at the end of the billing period at the settlement rate approved by the Commission and credited to the prosumer's account.

30. As discussed above, under the 'Net Metering System', even when the 'net supply by the licensee' during the billing period is 'zero' or the prosumer is having surplus energy after such adjustments as discussed above, it does not mean that, the prosumers are not using the distribution system developed and maintained by the prosumer. In such cases also, the prosumers are using the distribution system of the licensee for exporting the surplus energy during solar hours to the grid, and also for getting electricity supply from the licensee during 'Non-Solar Hours'.

(d) What is the difference between the captive consumer and prosumer under Net Metering System?

31. The term 'captive consumer' is not defined in the Electricity Act, 2003. However, Section 2(8) of the EA-2003 defines the 'Captive Generating Plant' as follows;

- (8) *“Captive generating plant” means a power plant set up by any person to generate electricity primarily for his own use and includes a power plant set up by any co-operative society or association of persons for generating electricity primarily for use of members of such cooperative society or association;*

Further, Section 9 of the EA-2003 deals with ‘captive generation’. The relevant Section is extracted below.

“9. (1) Notwithstanding anything contained in this Act, a person may construct, maintain or operate a captive generating plant and dedicated transmission lines: Provided that the supply of electricity from the captive generating plant through the grid shall be regulated in the same manner as the generating station of a generating company.

(2) Every person, who has constructed a captive generating plant and maintains and operates such plant, shall have the right to open access for the purposes of carrying electricity from his captive generating plant to the destination of his use:

Provided that such open access shall be subject to availability of adequate transmission facility and such availability of transmission facility shall be determined by the Central Transmission Utility or the State Transmission

Utility, as the case may be:

Provided further that any dispute regarding the availability of transmission facility shall be adjudicated upon by the Appropriate Commission.”

Further, the Rule-3 of the Electricity Rules, 2005, prescribes the requirements of the Captive Generating Plant. In the explanation (b) to the Electricity Rules, 2005, captive user is defined as follows.

“(b) “Captive User” shall mean the end user of the electricity generated in a Captive Generating Plant and the term ‘Captive Use’ shall be construed accordingly.”

32. The electricity generated from the ‘captive generating plant’ is transmitted and wheeled to the consumption point of the captive user, and the same is regulated as per the provisions of the KSERC (Connectivity and Intra State Open Access) Regulations, 2013 (herein after referred to as Open Access Regulations, 2013). All the applicable charges as specified there in shall be payable by the captive user to the SLDC, STU and the distribution licensee.

As per the provisions of the EA-2003, and Open Access Regulations, 2013, there is no provision of banking and net metering facility for the captive users. Further, the surplus energy if any, injected into the grid beyond the consumption by the captive user shall be settled at the ‘Deviation Settlement Charges’ to be approved by the Commission from time to time.

The embedded open access consumer, who maintain contract demand with the licensee has the facility to get electricity supply from the distribution licensee within the contract demand, when there is no generation from RE plant, and as when the electricity is not available from the licensee.

But, the captive consumer, who do not maintain connected load and contract demand has no right to get the continuous grid supply.

33. However, RE system installed by the prosumers is essentially in their own premises. Further the Regulations notified by this Commission provides various additional facilities to the prosumers that are not available to the captive users, as discussed below.
- (1) Solar prosumers under 'Net Metering System', has the facility to inject the surplus energy during day time, and allowed to offset such surplus energy against the supply availed from the distribution licensee during non-Solar hours including peak and night hours after adjustments as per the provisions of the Regulations notified by the Commission from time to time.
 - (2) As per the prevailing Regulations, existing prosumers are also enjoying the facility of banking to carry forward the surplus energy, if any, the billing period to the subsequent billing period.
 - (3) Furthermore, since the prosumers as the consumers of the distribution licensee with supply agreement/ affidavit with connected/ contract demand, the licensee has the obligation to supply electricity to the prosumers as required by them especially during non-solar hours and also when there is no generation from the RE system.

(e) Whether the domestic solar prosumer under Net Metering System is using the distribution infrastructure created by the Distribution licensees?

34. The distribution system developed and maintained by the distribution licensees is for supplying electricity to the consumers of the State. In terms of the connected load/ contract demand as per the supply agreement/ affidavit with the licensee, the distribution licensees are bound to supply electricity to the consumers on 24x7 basis.
35. Commission examined the arguments of the Solar Prosumers that, since prosumers under Net Metering System are using the electricity generated from their own plant, and hence they are not depending on the distribution system developed and maintained by the distribution licensee for meeting their electricity requirement. In light of the discussion on matters (b), (c) and (d) above, it is clear that this argument is without acknowledging the support and facilities enjoyed by the prosumers, and also their dependence on the electricity supply from the distribution licensees during non-solar hours. The relevant facts are listed below.
- (1) The on grid solar inverters with anti-islanding safety feature does not generate power when the supply from distribution system of the licensee is not available.
 - (2) Without grid support, the solar prosumers cannot inject surplus energy during the solar hours. Thus, during day time, the prosumers are using the distribution system developed and maintained by the licensees for injecting the surplus power.

- (3) During Non-Solar Hours including peak and night periods, the electricity to the prosumer is supplied by the licensee by its own generation/ power purchase from other sources. Thus, like other electricity consumers of the State, the prosumers including domestic solar suppliers are depending on the electricity supply of the licensee during non-Solar hours through the distribution system developed by the licensee.
- (4) Since the Solar Prosumers are also maintaining the connected load/ contract demand as per the Supply Agreement/ affidavit with the licensee, the distribution licensee is obliged to provide electricity supply to the prosumers as and when required, when there is no generation from the Solar plant installed by them.

As above, prosumers are using the distribution system developed and maintained by the licensee on 24X7 basis similar to consumers, as given in the Table below.

Consumers of DISCOM	Prosumers of DISCOM	
Use the distribution system 24x7 basis for getting electricity supply from licensee	(i) During Solar Hours for generation and for exporting surplus power to the distribution system	Prosumers also uses the distribution system 24x 7 basis
	(ii) During Non-Solar hours for getting supply from licensee for meeting the electricity demand.	
	(iii) For getting supply from licensee when there is no generation/ not sufficient generation from the RE plant	

(f) What are the provisions in the Electricity Act, 2003 enabling recovery of the cost incurred by the distribution licensees for providing electricity supply to the consumers/ prosumers?

36. Section 43 of the EA-2003 deals with duty of the distribution licensee to provide supply on request. The relevant Section is extracted below for ready reference.

“43. (1) Every distribution licensee, shall, on an application by the owner or occupier of any premises, give supply of electricity to such premises, within one month after receipt of the application requiring such supply:

*Provided that where such supply requires extension of distribution mains, or commissioning of new sub-stations, the distribution licensee shall supply the electricity to such premises immediately after such extension or commissioning or within such period as may be specified by the **Appropriate Commission**.*

Provided further that in case of a village or hamlet or area wherein no provision for supply of electricity exists, the Appropriate Commission may extend the said period as it may consider necessary for electrification of such village or hamlet or area.

(2) It shall be the duty of every distribution licensee to provide, if required, electric plant or electric line for giving electric supply to the premises specified in sub-section (1):

Provided that no person shall be entitled to demand, or to continue to receive, from a licensee a supply of electricity for any premises having a separate supply unless he has agreed with the licensee to pay to him such price as determined by the Appropriate Commission.

(3) If a distribution licensee fails to supply the electricity within the period specified in sub-section (1), he shall be liable to a penalty which may extend to one thousand rupees for each day of default."

As above, it is the duty of the distribution licensee to provide supply to the consumer, by creating necessary distribution system up to his premise.

As above, as per the proviso to Section 43(2) that, **'if a person refuses to pay the price for the electricity supply as determined by the Commission, the distribution licensee is authorised to not to provide supply to the consumer'**.

37. Section 45 of the EA-2003 empower the distribution licensees to recover the prices to be charged from the consumers at the tariff determined by the Commission. Section-45 of the EA-2003 is extracted below.

"45. (1) Subject to the provisions of this section, the prices to be charged by a distribution licensee for the supply of electricity by him in pursuance of section 43 shall be in accordance with such tariffs fixed from time to time and conditions of his licence.

*(2) The charges for electricity supplied by a distribution licensee shall be -
(a) fixed in accordance with the methods and the principles as may be specified by the concerned State Commission;
(b) published in such manner so as to give adequate publicity for such charges and prices.*

***(3) The charges for electricity supplied by a distribution licensee may include -
(a) a fixed charge in addition to the charge for the actual electricity supplied;
(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee.***

(4) Subject to the provisions of section 62, in fixing charges under this section a distribution licensee shall not show undue preference to any person or class of persons or discrimination against any person or class of persons.

(5) The charges fixed by the distribution licensee shall be in accordance with the provisions of this Act and the regulations made in this behalf by the concerned State Commission.

As above, the charges for the electricity supplied by a distribution licensee includes the fixed charge in addition to the energy charge for the actual electricity supplied.

38. The '**electricity supplied**' to a consumer includes the following;
(a) 'electric power' requirement, based on the equipment/ gadgets installed at his premises for his intended use, and,

(b) the 'electrical energy' supplied to him, based on the actual usage of the equipment, machines etc installed within the premises of the consumer during the billing period.

39. The electric power requirement of a consumer is assessed based on the 'connected load'/ contract demand, of the consumer, depending on the wattage of the equipment/ machinery etc connected with the system. As per the Section 42 of the EA-2003 read along with the Section 43 of the EA-2003, the distribution licensee is mandated to create necessary infrastructure to cater the electricity requirement of the consumer in 24x7 basis, based on their connected load or contract demand.

Once a consumer enters into supply agreement/ affidavit with licensee, the distribution licensee is mandated to ensure the availability of the infrastructure to provide electric supply up to the contract demand/ connected load of the consumer.

The cost of developing and maintaining the distribution system of the licensee as well as other fixed costs incurred by the licensee to make electricity available on 24X7 basis is to be normally recovered from the consumers as per the fixed charge/ demand charge based on the connected load/ contract demand.

Since the prosumers, who also have sanctioned connected load/ contract demand with the licensee, and the licensee has the obligation to supply electricity to him as per the requirement, the prosumers are also liable to pay fixed charge/ demand charge based on the connected load/ contract demand as the case may be.

40. Energy charges is levied based on the actual energy consumed by the consumer during the billing period. If the energy usage is nil during a billing period, then he is not liable to pay energy charge. However, the consumer is liable to pay fixed charge/ demand charge based on the connected load/ contract demand, even if, his energy consumption is zero during a billing period.

Hence, the prosumer under Net Metering System is required to pay energy charge for the net energy drawal from the distribution licensee, and has to pay fixed charge/ demand charge for the continuous use of the distribution system developed and maintained by the licensee.

41. Commission has also examined the transmission and distribution infrastructure developed and maintained by the incumbent licensee KSEBL for providing electricity supply to the consumers/ users in the State of Kerala. As on 31.03.2025, the total transmission and distribution assets of KSEBL is about Rs 27,630.00 crore, as detailed below.

GFA of SBU-T and SBU-D of KSEBL as on 31.03.2025

KSEBL functional units	GFA as on 31.03.2025 (Rs.Cr)
SBU-T	9903
SBU-D	17727
Total	27630

Using the transmission and distribution infrastructure as above, KSEBL could meet the peak power demand of up to 5,850 MW and the energy supply of about 32,000 MU in the Year 2024-25.

Peak demand of 5,850 MW which occurs between 18:00 Hrs and 24:00 Hrs includes the peak demand of the entire prosumers in the State also, and it is clarified that unless the prosumers install battery energy storage system (BESS) and meet part of their load during peak hours using the BESS, there is no reduction in peak demand of the prosumers by way of installing roof top solar systems.

The electricity demand in the State has been increasing by about 5 to 6% annually. In order to meet the increase in demand and to ensure system reliability, assets worth around Rs 3000.00 crore is added every year together by SBU-T and SBU-D in the State.

42. The cost of assets developed and maintained by KSEBL, including the operation and maintenance cost is charged in the P&L accounts of KSEBL, and also in the Aggregate Revenue Requirement (ARR) approved by the Commission, through following major heads (not limited to) namely; Interest charges for the loans/ borrowings for capital investments, Depreciation of the assets, Operation and Maintenance cost, Return on equity etc.
43. The ARR of KSEBL approved by the Commission vide the order dated 25.06.2022 in petition OP No.11/2022 is given below.

ARR approved vide the Order dated 25.06.2022

No	Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
		(Rs.Cr)	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)	(Rs.Cr)
1	Cost of Generation	614	690	735	767	804
2	Cost of Power Purchase	9834	10564	10716	11130	11748
3	Cost of Intra State Transmission	1311	1533	1706	1852	1983
4	O&M Expenses	3345	3605	3831	4075	4444
5	Interest & Finance charges	1650	1542	1499	1475	1424
7	Depreciation	266	285	328	376	384
10	Return on Equity	254	254	254	254	254
6	Contribution to Master Trust	673	673	673	673	673
8	Recovery of previous gap	850	850	850	500	300
13	Total expenses (ARR) approved	18795	19996	20591	21102	22013
14	Total cost excluding cost of generation & PP cost	8348	8742	9141	9205	9462
15	Network cost as (%) of total	44%	44%	44%	44%	43%

As above, the annual ARR to be recovered through tariff excluding the 'cost of generation and power purchase' is in the range of Rs 8,348.00 crore to Rs 9,462.00 crore during the MYT period from 2022-23 to 2026-27.

In addition to the above, KSEBL also have the fixed cost commitment associated with the long-term power purchase agreement with various Central Generating Stations (CGS) and Independent Power Producers.

As per the approved ARR, the yearly fixed cost commitment of CGS and IPPs are about Rs 1,800.00 crore.

44. As above, the fixed nature of expenses (excluding the fixed cost commitment of power purchase) for the year 2024-25 is about Rs 9141.00 crore. However, due to various reasons, only a part of the fixed cost of the utility is being recovered through fixed charge/ demand charge based on the connected load/ contract demand. The balance is recovered through energy charge. It is desirable and thus envisaged to gradually transition towards the recovery of fixed costs through fixed/demand charges itself.

As per the prevailing tariff in the State, the fixed charge and energy charge from various categories of consumers for the Year 2024-25 are given below.

Fixed charge/ energy charge from consumers/prosumers in the Year 2024-25

Tariff category	Fixed charge / Demand Charge (FC/DC)	Energy charge	Total	FC/DC as (%) of total revenue
	(Rs. Cr)	(Rs.Cr)	(Rs. Cr)	
LT-1 Domestic	1195.13	6993.15	8188.28	14.6%
Lt-IV (A) Industry	206.62	664.09	870.71	23.7%
LT-IV (B) Industry	1.75	8.47	10.22	17.1%
LT-V(A) Agriculture	28.35	85.63	113.98	24.9%
LT-V(B) Agriculture	2.5	23.68	26.18	9.5%
LT-VI(A)- Govt, Govt Hospitals,	43.13	164.21	207.34	20.8%
LT-VI(B) Government offices	22.74	99.79	122.53	18.6%
LT-VI (C) Banks etc	79.76	242.78	322.54	24.7%
LT-VI (D) Orphanages etc	1.61	4.75	6.36	25.3%
LT-VI(E) Office of political parties tec	0.72	1.83	2.55	28.2%
LT-VI(F) Private educational institutions	226.52	1102	1328.52	17.1%
LT-VI(G). Pvt hospitals	30.41	82.92	113.33	26.8%
LT-VII(A) Commercial	506.08	2007.42	2513.5	20.1%
LT-VII(B) Commercial	31.74	94.76	126.5	25.1%
LT-VII (C) Commercial	6.31	25.94	32.25	19.6%
LT-VIII(A) Public lighting unmetered		113.33	113.33	
LT - VIII(B) Public lighting (metered)	7.36	53.91	61.27	12.0%
LT-EV		5.96	5.96	
LT Total	2390.73	11774.62	14165.35	16.9%
HT categories				
HT-1(A)Industry	448.63	1524.96	1973.59	22.7%
HT- 1(B) IT industry	2.63	10.33	12.96	20.3%
HT-II(A) Govt Hospitals, Govt colleges	42.95	130.17	173.12	24.8%
HT-II(B) Pvt Hospitals	126.47	498.13	624.6	20.2%
HT-III Agriculture	3.22	4.4	7.62	42.3%
HT-IV Commercial	203.84	579.85	783.69	26.0%
HT-V domestic	5.83	17.51	23.34	25.0%
HT-EV		86.8	86.8	
EHT 66kV Industry	37.88	192.36	230.24	16.5%
EHT 110 kV	81.31	444.63	525.94	15.5%
EHT 220kV	18.72	82.54	101.26	18.5%
EHT Gen-	12.82	41.31	54.13	23.7%

Railway	51.71	217.53	269.24	19.2%
KMRL	1.9	5.63	7.53	25.2%
Defence	6.69	39.73	46.42	14.4%
Small licensees	48.97	390.22	439.19	11.2%
Total	1093.57	4266.1	5359.67	20.4%
Grand Total	3484.30	16040.72	19525.02	17.8%

As above, though the fixed cost commitment of KSEBL for the Year 2024-25 is about Rs 9141.00 crore, the fixed cost recovered through prevailing tariff is only Rs.3484.30 cr , which is only 38.11% of the total fixed cost liability.

45. As explained in the preceding paragraphs, fixed charge/ demand charge in the State is levied based on the connected load /contract demand of the consumers/ prosumers as per the supply agreement/ affidavit with the licensee.

However, during the past, the domestic consumers availing supply at LT are exempted from the payment of fixed charge. Hence, the connected load (which varies with every addition/change in an electric gadget in a household) of the majority of the domestic consumers prior to the Year 2018-19 is not updated in the database KSEBL used for billing purpose.

At present there are more than 107 lakh domestic consumers including prosumers in the State. It may take some more time to capture the updated connected load of entire domestic consumers availing supply at LT in the computer software used by KSEBL for billing purpose.

However, it is a fact that, the energy consumption of the consumer/prosumer is generally linked with the connected load.

Considering these aspects in detail, the Commission since the Year 2018-19 onwards is determining the fixed charge of the domestic consumers based on the monthly consumption slab, using the energy consumption as a proxy of the connected load. Fixed charge payable by the domestic consumers as per the latest tariff order dated 05.12.2024 w.e.f 01.04.2025 is given below.

Fixed charge for domestic consumers applicable for the period from 01.04.2025

Monthly consumption slab (Units)	Fixed Charge (Rs/ consumer/ month)	
	Single	Three phase
0 to 40	Nil	Nil
0-50	50	130
51-100	85	175
101-150	105	205
151-200	140	215
201-250	160	235
251-300	220	240
301-350	240	250
351-400	260	260
401-500	285	285
Above 500	310	310

46. Regarding the fixed charge levied from domestic consumers based on the total monthly consumption, the Commission vide paragraph 3.44 of the Tariff Order

dated 05.12.2024 in petition OP No. 18/2023 had issued the following directions to KSEBL.

“3.44 The fixed charge of the domestic consumers is not linked to connected load or contract demand, but linked to the monthly consumption levels.

Many stakeholders raised the issue that the fixed charges of the domestic consumers have to be linked to the connected load instead of consumption level. Some stakeholders also raised the issue that, lakhs of houses like that of NRIs and high net worth individuals owning more than one house etc with high connected load remain unoccupied for most of the months and may be in use only occasionally. KSEBL has incurred substantial infrastructure cost for providing and also for maintaining their supply. However, such consumers also have to pay a meagre amount only as fixed charges during most of the months in a year when the house remains closed/rarely occupied, which leads to under recovery of costs.

The Commission has noted the comments against the fixed charges levied from the domestic consumers based on the monthly consumption as against linking to the connected load similar to other LT categories. As discussed earlier, as of now, KSEBL has been providing electricity to about 107 lakh domestic consumers in the State. The exact connected load details of these consumers are not readily available with the licensee. Further, the load of each consumer will change periodically with the installation of more and more household electrical equipments. It is also not practical to update the connected load of each consumer by visiting inside the house by the officials of the licensee. As of now, there are no online facilities also available for updating the load details of the consumers on their own. However, the meters now procured by the licensee record the actual demand of the consumers in each time block and provide the maximum demand (MD) of the consumer during a billing period. This information can be used to regulate the allowable demand of a consumer as well as to bill the fixed charges on the basis of recorded maximum demand instead of energy consumption. However, since now this data is not being used for billing purposes, it is not being captured or analysed in a reliable manner. Without this information it is not practically possible to design an appropriate fixed charge rate for the recorded maximum demand in a revenue neutral manner. At the same time it is desirable to move towards a recorded maximum demand based billing system in a phased manner.

Hence, KSEB Ltd is directed to put in measures to read and record the recorded maximum demand (RMD) of all domestic consumers having meters with the facility, as part of the normal billing process. The RMD shall also be provided in the bills of such consumers also. Based on an analysis of RMD over a period, KSEB Ltd shall structure a revenue neutral proposal for billing the fixed charges on the basis of RMD as part of the next tariff proposal when it is due.

In view of the complexities in connected load-based billing and lack of data for designing a RMD based fixed charges, the Commission has decided to continue for the time being with the existing methodology of levying fixed charges linked to the actual consumption, which is a reasonable proxy of the RMD in respect of consumers having a regular pattern of electricity consumption.”

As per the directions in the Tariff Order dated 05.12.2024, once KSEBL submit the proposal of levying fixed charge based on the RMD of the domestic consumers, the Commission shall allow KSEBL to levy fixed charge from

domestic consumers based on the recorded maximum demand instead of the monthly consumption slab.

47. As already discussed, both the ordinary domestic consumers and domestic solar prosumers rely and use the distribution system developed and maintained by KSEBL. More importantly the system is developed for meeting the peak demand requirement and the prosumers use of the system during peak demand periods is same as that of an ordinary domestic consumer. In other words, the infrastructure including the distribution system to be developed and maintained for meeting the requirements of a prosumer is same as any other consumer.

Discussions in the preceding paragraphs leads to the conclusion that the Electricity Act, 2003 envisages recovery of a fixed charge in addition to energy charges and, the fixed charges is envisaged for the recovery of the fixed costs related to the infrastructure developed by the licence and the said recovery is generally based on the connected load or contract demand of the consumers. In respect of domestic consumers, the energy consumption is used as a proxy of the connected load / maximum demand due to practical difficulties.

(g) Whether, the Solar prosumers under Net Metering System can claim exemption of the payment of fixed charge/demand charge for the use of the distribution infrastructure developed and maintained by the distribution licensee?

48. The petitioners and other domestic solar prosumers under Net Metering System had raised issues against levying fixed charge from them by KSEBL for their total consumption, citing the following.

- (1) The electricity requirement of the prosumers is met from the electricity generated from the Solar Plant installed by them at their own cost, and KSEBL has made no investment in it.
- (2) Even when the net energy supply by the licensee is zero during a billing period, the licensee is levying fixed charge.

49. As explained in the preceding paragraphs, the levy of fixed charge is to recover a part of the cost of the network infrastructure developed and maintained by the distribution licensee from the users of the distribution system.

As discussed under paragraphs 34 and 35 of this Order, the Solar domestic prosumers under Net Metering System have been using the distribution system developed and maintained by the distribution licensee on 24x7 basis. Hence the domestic solar prosumers are also liable to pay fixed charge/ demand charge, as payable by ordinary domestic consumers of KSEBL.

50. As per the details available with Commission, more than 20000 prosumers under industrial and commercial categories with a total solar capacity of about 230MWp is with KSEBL in Net Metering System.

These prosumers are paying fixed charge/ demand charge based on the connected load/ contract demand, for the use of the distribution system of the licensee KSEBL.

Considering all these factors as above, the Commission cannot exempt the domestic solar prosumers from the payment of fixed charge/ demand charge for their continuous use of distribution system developed and maintained by KSEBL on 24x7 basis.

(h) What is the rationale behind the approval of the fixed charges linking to consumption of electricity instead of connected load/ contract demand for Solar LT domestic prosumers?

51. The rationale behind the approval of the fixed charges linking to consumption of electricity instead of connected load/ contract demand for Solar LT domestic prosumers is discussed under paragraph 45 and 46 of this Order. On the basis of discussion under matters (b) to (g) above, it can be reasonably concluded that the domestic solar prosumers are required to pay fixed charges based on their total consumption where the total consumption functions as a proxy of their connected load/ recorded maximum demand.
52. However, during the deliberations, the petitioner solar prosumers submitted that, they are ready to pay fixed charge based on the connected load instead of levying fixed charge based on total consumption. The prosumers also submitted that, at the time of availing feasibility for installing the Solar PV system, they disclosed their connected load to KSEBL. Hence, there is no difficulty in levying fixed charge from the domestic solar prosumers based on their connected load.

Commission noted the submission of the prosumers, and hereby clarify that, vide the Order dated 05.12.2024, Commission has already directed KSEBL to submit proposal to determine the fixed charge of domestic consumers based on RMD of the domestic categories. Hence, the approval to continue to levy fixed charge from solar domestic prosumers based on the total consumption is an interim measure till the Commission determine the fixed charge of the domestic consumers/ prosumers based on RMD.

Commission also noted that, total connected load of the LT domestic consumers including solar prosumers as on 31.03.2025 is about 23328 MW. As per the prevailing Tariff Order dated 05.12.2024, the fixed charge at the prevailing tariff, estimated to recover from domestic consumers during the year 2025-26 is Rs 1316.10 crore, and the energy charge is Rs 7665.87 Crore, and thus total revenue from tariff for the Year 2025-26 at Rs 8981.97 crore.

Based on this, average fixed charge recovery from domestic consumers/ prosumers from the existing tariff for the year 2025-26 is about Rs 47/kW/month. Considering this, the Commission decided to approve a fixed charge @Rs 47/kW/month as an option to those who opt for it.

53. Hence, the Commission hereby approve the following options for the domestic solar prosumers to remit the fixed charges to the distribution licensees in the State.
- (1) Option-1: Remit fixed charges to the distribution licensee for the total consumption of the prosumer during the billing period as per the Tariff Order dated 05.12.2024, till further orders.
Or
 - (2) Option-2: Remit fixed charge @Rs 47/kW/month for the total connected load of the Solar Prosumer till further Orders.
54. During the deliberations of the subject matter, the petitioners also prayed before the Commission that, the installation of the generator meter in the consumer premise is not mandatory as per the CEA Metering Regulations, 2006 and its subsequent amendments. Hence, the petitioners also prayed before the Commission that, the installation of the generation meter in the consumer premise may be made optional with mutual agreement between Prosumer and KSEBL in tune with CEA Metering Regulations.

Commission has examined the issue raised by the petitioners. As already discussed earlier, since the EA-2003 was enacted much prior to the development of the Solar PV in the Country, the development of the Solar PV system in the Country is regulated through subordinate Rules and Regulations notified by the Central Government, CERC and SERCs in the country.

This Commission vide the notification dated 7th February 2020 has notified the KSERC (Renewable Energy and Net Metering) Regulations, 2020 for the coordinated developments of RE systems including Solar PV systems in the State.

The Regulations 15 and 16 of the KSERC (Renewable Energy and Net Metering) Regulations, 2020 mandates to install 'Net Meter and Renewable Energy Meter' for the accounting and billing of the prosumers in the State. Further the Renewable Energy Meter is defined under regulation 2(bf) as "refers to a uni-directional energy metre installed and used solely to record the renewable energy generation from renewable energy system installed at the consumer premises

The Regulations are notified after completing due procedures including pre-publication, stakeholder consultation including public hearings. The Commission cannot modify or amend the Regulations based on a petition filed by the consumers/ prosumers.

55. Based on deliberations of the subject issue No.1 in detail as discussed in the preceding paragraphs, the Commission hereby orders the following;
- (1) The petitioners and other domestic solar prosumers under Net Metering System, without energy storage facilities, are continuously (24x7 basis) using the network and infrastructure developed and maintained by KSEBL/ other distribution licensees.

- (2) All the consumers, prosumers and other users of the distribution system developed and maintained by the KSEBL are liable to pay fixed charge/ demand charge for the usage of the distribution system based on the connected load/ contract demand or consumption basis, as per the tariff orders issued by the Commission from time to time.

- (3) Domestic Solar Prosumers in the State has the following two options for the remittance of the fixed charge/ demand charge.

Option-1: To pay fixed charges to the distribution licensee for the total consumption of the prosumer during the billing period as per the Tariff Order dated 05.12.2024, till further orders.

Or

Option-2: To pay fixed charge @Rs 47/kW/month for the total connected load of the Solar Prosumer till further Orders.

The domestic solar prosumers, desiring to change to Option-2 for the payment of fixed charge, shall communicate to the KSEBL or to the concerned distribution licensees at least one month prior to the date of the applicable date of exercising of the option

Issue No.2

Unlawfully retaining higher amount of Security Deposit from Solar Prosumers in respect of the electricity supplied.

56. Second issue raised by the petitioners is regarding high amount of the security deposit held by KSEBL without appropriate review as mandated in the EA-2003 and the sub-ordinate Regulations. The petitioners argue that, the supply of electricity from KSEBL availed by the prosumers having installed Solar Plant is very minimal. Instead of reviewing the security deposit as per the provisions of the Supply Code, 2014, KSEBL choses to retain high amount without any authority violating the provision of the Act and Regulations.

Commission has also examined the electricity bills submitted by the petitioners in support of their claims.

57. Commission has also noted the arguments of KSEBL for retaining high amount of security deposit. Licensee submitted that; they are holding the security deposit remitted by the petitioners as consumers before installing the Roof Top Solar (RTS).

The bills of prosumers are raised on monthly basis whereas the bills for the ordinary LT consumers are raised on bi-monthly basis. Three months average bill amount is maintained as security deposit for the bi-monthly billed consumer, whereas in the case of prosumers whose bills are raised on monthly basis has to maintain security deposit for 2 months average bill amount. However, instead of refunding the excess amount resulting from the change in billing frequency, KSEBL retained the original deposit. Considering the above aspects, KSEBL will take appropriate action to refund the excess security deposit at the earliest.

KSEBL further submitted that, in the event of a plant failure, the consumer must rely entirely on grid supply. If the consumer fails to remit regular electricity charges, KSEB Ltd. is entitled to forfeit the entire security deposit to recover the outstanding dues. When the security deposit is calculated based on average billed consumption, there is a risk of under-recovery, which may necessitate revenue recovery proceedings. To mitigate such risks, the security deposit is maintained based on the average total consumption.

58. Commission has examined the provisions in the Electricity Act, 2003, and provisions in the Kerala Electricity Supply Code, 2014 for holding and maintaining security deposit, as security for the electricity supplied by the distribution licensees. The relevant provisions of the EA-2003 and Supply Code, 2014 is extracted below.

- (1) Section 47 of the EA-2003, empower the distribution licensee to demand and hold security deposit from a person who requires supply of electricity under Section 43 of the EA-2003. The relevant Section is extracted below.

“47. (1) Subject to the provisions of this section, a distribution licensee may require any person, who requires a supply of electricity in pursuance of Section 43, to give him reasonable security, as determined by regulations, for the payment to him of all monies which may become due to him -

(a) in respect of the electricity supplied to such persons; or

(b) where any electric line or electrical plant or electric meter is to be provided for supplying electricity to person, in respect of the provision of such line or plant or meter,

and if that person fails to give such security, the distribution licensee may, if he thinks fit, refuse to give the supply or to provide the line or plant or meter for the period during which the failure continues.

(2) Where any person has not given such security as is mentioned in subsection (1) or the security given by any person has become invalid or insufficient, the distribution licensee may, by notice, require that person, within thirty days after the service of the notice, to give him reasonable security for the payment of all monies which may become due to him in respect of the supply of electricity or provision of such line or plant or meter.

(3) If the person referred to in sub-section (2) fails to give such security, the distribution licensee may, if he thinks fit, discontinue the supply of electricity for the period during which the failure continues.

(4) The distribution licensee shall pay interest equivalent to the bank rate or more, as may be specified by the concerned State Commission, on the security referred to in sub-section (1) and refund such security on the request of the person who gave such 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.”

- (2) Regulation 67, 68, 69 and 73 of the Supply Code, 2014 notified by the Commission (May give the date of notification) deals with the security deposit and related aspects. The relevant Regulations are extracted below.

- (i) **“67. Security for supply of electricity. -** (1) A distribution licensee may require any person who applies for supply of electricity to his premises to provide security: -
- (a) in respect of electricity supplied; and
 - (b) in respect of any electric line or electrical plant or electric meter provided for supplying electricity.
- (2) The licensee shall demand security deposit only at the rates approved by the Commission.
- (3) The person who applies for supply of electricity shall deposit with the licensee such amount of security deposit as demanded by the licensee as per sub regulation (2) above.
- (4) If any person refuses to give such security, the licensee may refuse to give supply of electricity or to provide line, plant or meter, as the case may be.
- (5) Where any person has not given such security as per sub regulation (1) above or the security given by any person has become invalid or insufficient, the distribution licensee may, by notice, require that person, within thirty days after the service of the notice, to give the licensee reasonable security for the payment of all monies which may become due to it in respect of the supply of electricity or provision of such line or plant or meter.
- (6) The consumer shall maintain with the licensee an amount at the rates specified below as security for the electricity supplied during the period of agreement: -
- (a) three times the average monthly bill amount in case of consumers under bi-monthly billing system; and
 - (b) two times the average monthly bill amount in case of consumers under monthly billing system:
- Provided that the consumer shall not be required to furnish any security for supply of electricity if the consumer opts to take supply through pre-payment meter.
- (7) A domestic consumer belonging to below poverty line category (BPL) shall not be required to provide security deposit so long as his monthly consumption does not exceed thirty units.”
- (ii) Regulation 68 of the Supply Code, 2014
- “68. Security deposit for meter and meter rent. -** (1) The licensee may also require a consumer to pay security for the price of the meter, unless the consumer elects to purchase the meter.
- (2) The licensee may charge a rent for the meter provided by it as per the rates approved by the Commission.”
- (iii) Regulation 69 of the Supply Code, 2024
- “69. Calculation of security deposit. -** (1) The amount of security deposit for the supply of electricity to be levied on different categories of consumers, while sanctioning new connections, shall be calculated as per the methodology given in Annexure - 3 to the Code.

(2) In case of enhancement of load, only additional security to cover the additional consumption, estimated as per the methodology given, need be deposited by the consumer.

(3) For consumers who have opted for availing phased contract demand, revision of security deposit for the existing load shall be based on actual consumption in the previous financial year and security deposit for additional load sanctioned during the year shall be estimated on the basis of the methodology given in Annexure - 3 to the Code.”

(iv) Regulation 73 of the Supply Code, 2014

“73. Review of security deposit. - (1) During the first quarter of the financial year, the licensee shall review the consumption pattern of the consumer from April to March of the previous year, for assessing the adequacy of the security deposit.

(2) The consumer is required to maintain a security deposit as specified in sub regulation (6) of regulation 67 of the Code, where ‘average monthly bill’ shall be calculated based on the average monthly consumption of the previous financial year and the prevailing tariff as on the date of demand of security deposit.

(3) If on review, it is found that the security deposit available with the licensee is more than what is required, the excess amount shall be refunded to the consumer and such refund of security to the consumer by the licensee, as and when arises, shall be made without any other formalities, by way of adjustment in a maximum of two ensuing electricity bills.

(4) Based on the review, the licensee may demand for additional security deposit for making up the deficit if any, in the security deposit, by giving thirty days notice to the consumer

(5) The consumer shall deposit the additional security deposit as per the demand raised by the licensee:

Provided that for a consumer whose electricity connection is less than one year old, the security deposit shall not be revised at the beginning of the ensuing financial year and subsequently, the security deposit shall be revised annually as per the procedure laid down in sub regulation (1) above.”

59. As discussed above, as per Regulation 67(6)(b) of the Supply Code, 2024, the consumer has to maintain **‘two times the average bill amount’** in case of consumers under monthly billing system.

Since KSEBL is giving bills to the domestic solar prosumers on a monthly basis, these prosumers shall maintain **‘two times the average bill amount’** as security deposit with the licensee.

60. Further, as per Regulation 73(1) of the Supply Code, 2014, KSEBL is authorised to review the adequacy of the security deposit during the first quarter of every financial year based on the consumption pattern of previous financial years from April to March.

Hence, as per the Regulation 73(1) of the Supply Code, 2014, KSEBL is duty bound to review the adequacy of the Security deposit of the solar domestic

prosumers based on the previous financial year. Accordingly, during the period from April-2024 to March-2025, KSEBL has to review the adequacy of the Security Deposit of the Solar prosumers based on their consumption pattern from April-2024 to March-2025.

61. Further, as per the Regulation 73(2) of the Supply Code, 2014, the 'average monthly bill' in terms of the Regulation 67(6) is based on the average monthly consumption of the previous financial year and the prevailing tariff as on the date of demand of security deposit.

Further, as per the Section 47 of the EA-2003, the distribution licensee is authorised to collect reasonable security for the monies due from the person who avail supply from the licensee.

Accordingly, while assessing the adequacy of the security deposit of the prosumers during April-2025 to June-2025, the average monthly bill at the prevailing tariff applicable from 01.04.2025 onwards, and the average consumption for this purpose is the average of the monthly consumption of the previous year based on which electricity bills issued in the previous year.

KSEBL is not authorised to deviate from the methodology specified in Regulation 73(2) as above, for the assessment of the 'average monthly bill' to the prosumers in the previous financial year.

62. It is also specified in the Regulation 73(3) of the Supply Code, 2014 that, if on review the amount of security deposit with the licensee is more than the required amount, the excess shall be refunded to the consumer, by way of adjustment in two ensuing electricity bills.

Similarly, Regulation 73(4) of the Supply Code, 2024, authorise KSEBL to demand additional security deposit, if there is shortfall in the security deposit with the licensee.

63. As discussed above, as per the Regulation 73, read along with the Regulation 67 of the Supply Code, 2014, KSEBL is bound to review the adequacy of the security deposit maintained by the consumers including prosumers during the first quarter of every financial Year. In the current financial year 2025-26, KSEBL had to carry out the same during the first quarter from April-2025 to June-2025.

64. Hence, if KSEBL has not carried out the review of the Security Deposit maintained by any of the solar prosumers of the KSEBL, it shall be done strictly as per the Regulation 73 and 67 of the Supply Code, 2024 within one month from the date of this Order.

If on review as per the Regulation 73(2) and 67(6), it is found that the amount of security deposit available with KSEBL is more than what is required, the same shall be refunded to the consumer as per the Regulation 73(3) of the Supply Code, 2024. Similarly, if on review, it is found that the security deposit maintained by the prosumer is not sufficient, KSEBL can demand additional security deposit from the prosumer, by giving one month notice as per Regulation 73(4) of the Supply Code, 2014 by giving thirty days' notice to the consumer.

Order of the Commission

65. Commission after examining the petition filed by Shri. Jameskutty Thomas and five others, the counter affidavit of the respondent KSEBL, the deliberations during the hearings conducted on 27.08.2025 and 02.09.2025, additional submissions of the petitioners and respondents, provisions of the Electricity Act, 2003, and other subordinate Rules, Regulations and Orders in force, Orders the following;

- (1) There is no illegality on levying fixed charge from domestic solar prosumers under Net Metering System, based on their total consumption as discussed in paragraph 51 of this Order.
- (2) Henceforth, the domestic solar prosumers in the State have the following two options for remitting fixed charge to the distribution licensees in the State.
 - (a) Option-1: Make payment of fixed charges to the distribution licensee based on the total consumption of the prosumer during the billing period as per the Tariff Order dated 05.12.2024, till further orders.
Or
 - (b) Option-2: Make payment of fixed charge @Rs 47/kW/month for the total connected load of the Solar Prosumer with the licensee, till further Orders.

The domestic solar prosumers desiring to change to Option-2, shall communicate to the KSEBL or to the concerned distribution licensees at least one month prior to the intended date of exercising the option.

- (3) KSEBL shall review the adequacy of the security deposit maintained by its prosumers strictly as per the Regulation 73 read along with Regulation 67 of the Supply Code, 2014, as per the directions given in paragraph 64 of this Order.

Petition disposed off. Ordered accordingly

Sd/-
T K Jose
Chairman

Sd/-
Adv. A J Wilson
Member

Sd/-
B Pradeep
Member

Approved for issue

Sd/-
Rajendran K.V
Secretary