

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

Petition No: OP 62/2025

**Present : Sri T K Jose, Chairman
Sri. B Pradeep, Member**

In the matter of : Petition for approval of truing up of accounts for the financial year 2024-25

Petitioner : M/s Thrissur Corporation Electricity Department

Represented by : Smt. Jaya.V.R, SA, TCED
Sri.Amal George C.A, Consultant,TCED
Sri.Anandhu, Consultant,TCED

Respondent : M/s Kerala State Electricity Board Limited

Represented by : Sri. Edward.P.Boniface, AEE, TRAC, KSEB Ltd
Smt. Biji Christudas, AEE, TRAC, KSEB Ltd

Date of Hearings : 13-01-2026

Venue : Court Hall, Office of the Commission

Order Dated 31.03.2026

1. M/s Thrissur Corporation Electricity Department under Thrissur Municipal Corporation (*hereinafter referred as TCED or the Licensee*) is a deemed distribution licensee under the Electricity Act, 2003, having an operational history since August 1937, when the generation & distribution business of Cochin State Power & Light Corporation Ltd was purchased by the then Thrissur Municipality. The current license area of the TCED corresponds to the administrative limits of the old Thrissur Municipality covering an area of approximately 12.65 sq.km.
2. The Commission had notified the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021 for the five-year Control Period starting from the first day of April 2022 and ending on the thirty first day of March 2027. The licensee has filed the petition for truing up of accounts for the year 2024-25 as per the provisions of the KSERC (Terms and Conditions for determination of Tariff) Regulations 2021. The present petition is for the third year of the Control Period. The Commission vide Order in OP No 56/2022 dated 27.02.2024 has approved the ARR&ERC for the Control Period. In the

petition for truing up the accounts based on audited accounts, the licensee has claimed a **revenue surplus of Rs.158.13 lakh** compared to revenue surplus of Rs.318.30 lakh approved by the Commission in the Order on ARR&ERC.

3. A comparison of the ARR approved in the Order dated 27-02-2024 and the Truing up claim for the financial year 2024-25 as per the petition along with the trued-up figures for the year 2022-23 and 2023-24 is shown below:-

Table 1
Comparison of ARR & ERC and Truing Up (Rs. lakh)

Particulars	2022-23		2023-24		2024-25	
	Truing up Petition	Trued Up	Truing up petition	Trued Up	ARR Approved	Truing up petition
Power Purchase Cost	11632.97	11584.96	13435.79	13405.60	12294.71	13995.60
Employee cost	1081.96	1417.18	1138.07	1534.60	1434.90	1229.17
Provision for salary revision	127.50		127.50		-	127.50
R&M Expenses	79.31		104.01		107.70	99.42
A&G Expenses	304.42		334.46		116.59	331.35
Prior Period Item (Excess amount of Rent)	-	-207.42	-	-	-	-
Depreciation	231.88	153.25	119.57	119.57	207.39	161.01
Prior Period Depreciation	-	-	-	-25.76	-	-
Interest and Finance Charges (Interest on security deposit)	174.21	266.44	295.45	295.45	95.66	313.50
Interest on normative loan	-	-	124.50	123.32	-	111.67
Prior period Interest on normative loan	-	-	106.99	-	-	-
Return on NFA	148.91	155.55	141.01	72.45	155.60	77.09
Total Expenditure	13781.16	13369.96	15927.33	15525.23	14412.55	16446.31
Revenue from sale of power	13237.58	13237.58	15172.20	15172.20	13779.42	16022.59
Other income	529.51	998.10	604.98	1332.35	951.43	581.85
Total income	13767.09	14235.68	15777.18	16504.55	14730.85	16604.44
Revenue Surplus (+)/ Gap (-)	(-) 14.07	865.72	(-)150.17	979.32	318.30	158.13

4. The Commission admitted the petition as **OP No. 62/2025**.

Public Hearing on the Petition

5. The hearing on the petition for the Truing Up of Accounts for the year 2024-25 was conducted at the Court Hall, Office of the Commission on 13.01.2026. The licensee was represented by Smt. Jaya.V.R, SA, TCED, Sri. Amal George C.A, Consultant, TCED and Sri. Anandhu, Consultant, TCED. Sri. Edward. P. Boniface, AEE, TRAC, KSEB Ltd and Smt. Biji Christudas, AEE, TRAC, KSEB Ltd represented KSEB Ltd.
6. Sri. Amal George presented the petition before the Commission and replied to the queries of the Commission. The main points mentioned in the presentation are briefed below.

- a) The number of consumers during the year was 42955 and the actual sales is 1758.25 lakh units.
- b) The energy purchased from KSEB Ltd was 1824.89 lakh units. The energy generated by the solar PV of the licensee was 4.23 lakh units and purchase of energy from prosumers was 14.19 lakh units. The actual distribution loss claimed is 6.57%.
- c) The licensee has claimed the purchase of power of 1839.08 lakh units for the year 2024-25 at a total cost of Rs.13995.60 lakh.
- d) The employee cost claimed by the licensee for the year is Rs.1229.17 lakh against Rs.1434.90 lakh approved in the ARR. The licensee has also claimed Rs.127.50 lakh towards provision for pay revision.
- e) The R&M expenses claimed for the year is Rs.99.42 lakh as against Rs.107.70 lakh approved in the ARR.
- f) The A&G expenses claimed by the licensee is Rs.331.35 lakh as against Rs.116.59 lakh approved in the ARR. The licensee has claimed Rs.169.82 lakh as Section 3(1) duty.
- g) The licensee during the year has made total asset addition of Rs.235.40 lakh towards Plant & Machinery, Furniture and Fittings, Cables etc and a has made a deduction of Rs.54.15 lakh.
- h) The licensee has booked depreciation of Rs.161.01 lakh for the year in the straight-line method as per the provisions of the regulations.
- i) The licensee has claimed interest and finance charges of Rs.313.50 lakh towards interest on security deposits at the interest rate of 6.75%. The licensee has also claimed interest on normative loan amounting to Rs.111.67 lakh for the year 2024-25.
- j) The licensee has claimed Rs.77.09 lakh as return on net fixed assets for the financial year 2024-25 at the rate of 5.5% of Net Fixed Assets.
- k) The revenue from sale of power of 1758.25 lakh units is Rs.16022.59 lakh. The major sale of power and revenue realisation is from Domestic, commercial and HT category of consumers.
- l) The non-tariff income booked by the licensee for the year is Rs.581.85 lakh.
- m) The licensee has claimed a revenue deficit of Rs.158.13 lakh for the year 2024-25 as against the revenue surplus of Rs.318.30 lakh approved in the Order on approval of ARR&ERC.

7. KSEB Ltd vide letter dated 13.01.2026 submitted their written comments. The major points raised by KSEB Ltd are the following:

- a) There is increase in number of consumers and energy sales compared to the previous year.
- b) The claim of distribution loss made by the licensee is higher than the

limit approved in the ARR&ERC order for the year 2024-25 which was 6.30%. The distribution loss is higher when compare to approved in ARR order which is not prudent practice.

- c) Claimed O&M expenses for FY 2024-25 are slightly higher than the approved norms.
 - d) Additional Rs.127.50 lakh claimed for pay revision for which Commission may consider a uniform approach.
 - e) Administrative & General expenses are higher than norms, including Electricity Duty under Section 3(1), which should be borne by the licensee.
 - f) The asset additions and deletions may be approved after prudence check.
 - g) Total power purchase cost matches with KSEBL records.
 - h) The licensee has not considered any interest on the accumulated surplus which needs to be considered as part of the non-tariff income.
8. The licensee vide letter dated 24.01.2026 submitted clarifications for the observations and comments made during the hearing. The licensee in the clarifications has revised the claim towards power purchase cost and revenue from sale of power after excluding the green tariff charges. As such the revised truing up figures is as shown below:

Table 2
Revised truing up for the year 2024-25

Particulars	2024-25	
	ARR Approved	Revised Truing up petition
Power Purchase Cost	12294.71	13993.82
Employee cost	1434.90	1229.17
Provision for salary revision	-	127.50
R&M Expenses	107.70	99.42
A&G Expenses	116.59	331.35
Depreciation	207.39	161.01
Interest and Finance Charges (Interest on security deposit)	95.66	313.50
Interest on normative loan	-	111.67
Return on NFA	155.60	77.09
Total Expenditure	14412.55	16444.53
Revenue from sale of power	13779.42	16020.82
Other income	951.43	581.85
Total income	14730.85	16602.67
Revenue Surplus (+)/ Gap (-)	318.30	158.14

Analysis and decision of the Commission

9. The Commission has carefully considered the petition for Truing Up of Accounts for the year 2024-25, the clarifications submitted by the licensee, the counter statements furnished by KSEB Ltd, the views presented by the licensee during the hearing and additional clarifications submitted by the licensee. The analysis and decisions of the Commission on the petition for truing up of accounts for the Financial Year 2024-25 are detailed below.

Energy Sales and Consumer mix

10. Compared to the previous year there is increase in the sales. The actual sale to 42955 consumers is 1758.26 lakh units. The comparison of the actual number of consumers and energy for 2024-25 with that of the previous years is as shown below:

Table 3
Comparison of No of Consumers and Sales

Particulars	2022-23		2023-24		2024-25	
	Number of consumers	Units Sold in lakhs	Number of consumers	Units Sold in lakhs	Number of consumers	Units Sold in lakhs
LTI	22526	400.99	23383	440.76	23211	483.83
LT IV A	484	32.44	485	33.64	480	34.82
LT IV B	2	0.24	4	0.60	5	0.50
LT V A	185	0.53	181	0.55	177	0.48
LT V B	2	0.01	1	0.00	1	0.00
LT VI A	249	21.59	254	22.41	249	22.00
LT VI B	473	24.93	467	27.82	455	25.66
LT VI C	501	47.34	503	52.73	501	53.70
LT VI D	31	0.78	32	0.59	31	0.71
LT VI E	43	0.65	43	0.71	43	0.67
LT VI F	722	50.02	716	54.31	708	58.22
LT VI G	78	10.70	83	11.10	83	10.98
LT VII A	14361	421.46	14597	488.49	14651	526.25
LT VII B	1656	7.22	1688	8.52	1702	9.76
LT VII C	13	1.49	15	3.44	16	4.03
LT VIII B	292	12.12	325	11.71	364	12.75
LTII	1	0.00	5	0.06	126	2.41
LT IX	76	0.70	77	0.83	5	0.58
LT III		0.62	0	0.07	0	0.00
LT X	2	0.08	2	0.46	6	0.83
HT- I A	5	6.73	5	8.96	5	9.62
HT- II A	8	20.58	10	26.46	10	32.46
HT- II B	31	175.20	29	191.47	29	187.71
HT- IV A	53	130.85	58	144.55	59	145.97
HT- IV B	36	111.83	36	130.20	35	133.06
SPS	1	3.22	1	3.50	0	0
Self-consumption		1.30	0	1.34	3	1.26
Total	41831	1483.61	43000	1665.28	42955	1758.26

11. Compared to the previous year, major increase in LT consumer sales is for LT VII A category and for HT consumer sales is for HT IV B and HT II A category of consumers. The licensee in the petition has stated that, the marginal

variations in LT categories is primarily due to consumer mix changes, billing adjustments and normal seasonal demand fluctuations. LT VII A category shows an increase of 7.70% from 48.85 MU in FY 2023-24 to 52.62 MU in FY 2024-25, this mainly reflects higher consumption from shops, offices and commercial establishments as business activity expanded in the licensee's area.

12. The licensee has stated that, the steady increase in energy sales reflects consistent economic service sector growth and enhanced reliability of supply. Considering the significant improvement in the sales, ***the Commission hereby approves the actual energy sales of 1758.25 lakh units as per petition for the purpose of Truing up of Accounts for the financial year 2024-25.***

Energy requirement and Distribution Loss

13. As per the Truing Up petition of 2023-24, the energy purchased from KSEB Ltd was 1824.89 lakh units, the energy generated by the solar PV of the licensee was 4.23 lakh units and energy exported by solar prosumers is 52.80 lakh units. Accordingly, the total energy input for the year 2024-25 is 1881.93 lakh units. The total sales during the year was 1758.25 lakh units. Accordingly, the distribution loss claimed for the year 2024-25 is 6.57%. The Commission may kindly see that the claim is higher than the limit approved in the order on ARR & ERC for the year 2024-25 which was 6.30%. But as compared to previous year the actual distribution loss has reduced to 6.57% from 6.70%. The comparison of Energy Requirement and Distribution Loss as per the petition are as shown below.

**Table 4
Comparison of Energy Purchase and Distribution Loss**

Particulars	2022-23	2023-24		2024-25	
	Claimed and Trued Up	For truing up	Trued up	ARR&ERC Order	For truing up
1 Energy Requirement (lakh units)					
(a) Purchase from KSEB Ltd	1579.50	1782.28	1778.27	1636.23	1824.90
(b) Self-generation (solar)	5.50	5.25	5.25	5.70	4.23
(c) Solar energy purchase	5.15	33.30	33.30	5.40	52.80
Total	1590.15	1820.83	1816.82	1647.33	1881.93
2 Energy sales (lakh units)	1483.61	1698.73	1698.73	1543.55	1758.25
3 Distribution loss (lakh units) (1-2)	106.54	122.10	118.09	103.78	123.68
4 Distribution loss (%)	6.70%	6.70%	6.50%	6.30%	6.57%

14. The licensee vide clarifications dated 24.01.2026 explained three methods for the calculation of distribution loss, Grid Impact based approach, Total generation and consumption approach and purchase and sale based approach. Under method 1, the licensee has only considered the energy units impacting the distribution grid. Under method 2 the entire generation and consumption within the distribution area were considered and in method 3 only the energy

units actually purchased and sold by the licensee were considered. In the truing up petition for 2024-25 the licensee has adopted method 1 for arriving at the distribution loss of 6.57%. Under this method, on the input side, licensee's own solar generation, exported by prosumers and power purchased from KSEB Ltd are taken for the calculation of distribution loss.

15. The Commission analysed the details of distribution loss computation submitted by the licensee and observed a lack of clarity in the parameters adopted for the calculation. Accordingly, additional details were sought, and the licensee furnished the same as follows:

Table 5
Computation of distribution loss

SI No.	Particulars	2024-25	
A	Energy purchased from KSEB Ltd (lakh units)		1824.90
B	Energy settled at APPC (lakh units)		14.19
C	Self solar generation (lakh units)		4.23
D	Injected to the grid by solar prosumers excluding APPC (lakh units)		
(i)	Energy Injected in to the Grid by solar prosumers (lakh units)	52.80	
(ii)	Less: Energy settled at APPC (lakh units)	14.19	38.61
E	Total energy Input (lakh units) = (A+B+C+D)		1881.93
F	Energy sales (lakh units)		
(i)	Energy sales billed for consumers other than prosumers (lakh units)	1571.53	
(ii)	Add: Energy sales billed for prosumers (lakh units)	149.62	1721.15
G	Energy supplied by licensee for meeting the banked energy injected by prosumers (lakh units)		37.10
H	Total Energy Output (lakh units) (F+G)		1758.25
I	Distribution loss (lakh units) = (E-H)		123.68
J	Distribution loss (%) = [(I/E)*100]		6.57%

16. While analyzing the details submitted by the licensee, the Commission notes that, the licensee is not providing entire details of accounting the export and import of energy units by the solar prosumers. The Commission noted that proper details regarding metering and banking arrangements of prosumers have not been provided as required under the Kerala State Electricity Regulatory Commission (Renewable Energy and Net Metering) Regulations, 2020. The details of energy accounted against banking charges, grid support charges, distribution losses, intra-time zone adjustment charges were not furnished. The Commission hereby directs the licensee to take necessary steps to properly meter the prosumers and suitable steps shall be taken for correctly accounting the details of generation, banking of energy, import and export by solar prosumers and the same shall be submitted as part of the petition for truing up petitions in the future. The licensee shall also properly account the consumption of the solar prosumers (time zone wise) so as to obtain a proper pattern of the consumption.

17. The licensee has submitted the details of the solar prosumers based on the clarifications sought by the Commission. The details of solar prosumers submitted is as shown below:

Table 6
Details of solar prosumers for the year 2024-25

Installed capacity (kW)	Total Generation (lakh units)	Total Export (lakh units)	Total import (lakh units)	Total units settled at APPC (lakh units)
10550	86.80	52.80	186.60	14.20

18. The Commission analysed the details submitted by the licensee and hereby directs the licensee to submit the complete details in the petitions for truing up of accounts in future in the format as given below.

Table 7
Details of solar prosumers

Tariff Category	Installed capacity	Total Generation (lakh units)	Consumption by prosumers (without banking) at source of generation	Export to grid for banking	Consumption adjusted against banked energy	Total consumption against RE generation	Losses , peak, off-peak adjustment against banked energy	Net energy available to licensee for purchase/ settling at APPC rate
	(kW)	(lakh units)	(lakh units)	(lakh units)	(lakh units)	(lakh units)	(lakh units)	(lakh units)
(1)	(2)	(3)	(4)	(5)	(6)	(7)= (4)+(6)	(8)	(9)= (3)-(7)-(8)

19. Distribution loss is a controllable parameter as per Tariff Regulations, 2021. Regulation 73(3) clearly specifies the methodology to be considered to account for any variation between the actual level of distribution loss and the approved level of the distribution loss. The relevant portions of the Regulation are as shown below:

73. Distribution loss...

(3) Any variation between the actual level of distribution loss and the approved level of the distribution losses shall be dealt with, as part of the truing up of the respective financial year in the following manner:-

i. if the actual distribution loss is higher than the approved level of distribution loss for any particular financial year of the control period, then the quantum of power purchase corresponding to the excess distribution loss for that financial year shall be disallowed at the average cost of power purchase for the respective financial year;

ii. if the actual distribution loss is lower than the approved level of distribution loss for any particular financial year of the control period, then the savings in the power purchase cost corresponding to the difference in distribution loss for that financial year at the average cost of power purchase for the respective financial year, shall be shared between the distribution business/licensee and the consumers in the ratio of 2:1

20. The Commission is of the considered view that the loss of 6.30% as approved in the Order for ARR&ERC, is to be considered for truing up also. **Accordingly, the Commission hereby approves the distribution loss of 6.30% for the year 2024-25 and accordingly adjusts the power purchase cost at the average cost of power purchase. The Commission also directs**

the licensee to continue all efforts to reduce the distribution loss. Considering the approved distribution loss of 6.30%, the approved energy requirement for the year 2024-25 is as shown below:

**Table 8
Approved Energy input & Distribution Loss for the year 2024-25**

Particulars	Approved in ARR	As per Truing up petition	Trued up
Energy Sales (lakh units) (1)	1543.55	1758.25	1758.25
Distribution Loss (%)	6.30%	6.57%	6.30%
Distribution Loss (lakh Units)	103.78	123.68	118.22
Energy Requirement (lakh units)	1647.33	1881.93	1876.47
Self- Solar Generation (lakh units)	5.70	4.23	4.23
Solar Energy from Prosumers (lakh units)	5.40	52.80	52.80
Energy purchase from KSEB Ltd (lakh units)	1636.23	1824.90	1819.44

Power Purchase Cost

21. The licensee in the current petition has claimed Rs.13995.60 lakh for the power purchase of 1839.08 lakh units. The power purchase cost includes Rs.13949.35 lakh towards purchase of energy from KSEB Ltd and Rs.46.25 lakh for energy purchased from solar prosumers. The licensee has stated that the solar energy purchased from consumers is 14.19 lakh units @3.26 per unit, the average power purchase cost approved by the Commission. The Commission in the ARR&ERC Order for the year 2024-25 approved the power purchase cost of Rs.12294.71 lakh for purchasing 1641.63 lakh units. The details of power purchase cost as per the petition is given below:-

**Table 9
Details of Power Purchase Cost for the year 2024-25**

Source	Energy purchased (lakh units)	Fixed charge (Rs.lakh)	Energy charges (Rs.lakh)	Incentive (Rs Lakh)	Green energy charge (Rs.lakh)	Total cost (Rs.lakh)	Average cost (Rs/kWh)
KSEB	1824.89	1784.45	12194.21	31.09	1.77	13949.35	7.64
Solar energy from prosumers	14.19		46.25			46.25	3.26
Total	1839.08	1784.45	12240.46	31.09	1.77	13995.60	7.61

22. The Commission noted that an amount of Rs.1.77 lakh has been included in the power purchase cost as green energy charge, which is not a prudent practice. During the hearing this was addressed and the licensee in clarifications dated 24.01.2026 had stated that, the licensee has included green energy charges of Rs.1.77 lakh as part of power purchase cost for the year 2024-25, since the same was included in the bulk supply bills issued by KSEB Ltd. Pursuant to the directions of the Commission, the licensee has requested KSEB Ltd to exclude the green energy charges from the bulk supply bills. Also, the licensee has revised the power purchase cost by excluding the green

energy charges. The revised power purchase cost compared to previous year figures is as shown below:

Table 10
Details of Power Purchase Cost for the year 2024-25

Source	Energy purchased (lakh units)	Fixed charge (Rs.lakh)	Energy charges (Rs.lakh)	Incentive (Rs Lakh)	Total cost (Rs.lakh)	Average cost (Rs/kWh)
KSEB	1824.89	1784.45	12194.21	31.09	13947.57	7.64
Solar energy from prosumers	14.19		46.25		46.25	3.26
Total	1839.08	1784.45	12240.46	31.09	13993.82	7.61

Table 11
Details of Power Purchase Cost for the year 2023-24

Source	Energy purchased (lakh units)	Fixed charge (Rs.lakh)	Energy charges (Rs.lakh)	Total cost (Rs.lakh)	Average cost (Rs/kWh)
KSEB Ltd	1782.28	1715.09	11697.73	13412.81	7.53
Solar energy from prosumers	7.29		22.98	22.98	3.15
Total	1789.57	1715.09	11720.71	13435.79	7.51

23. The licensee, in the present petition, has included Rs.46.25 lakh towards cost of 14.19 lakh units of solar energy procured from prosumers, valued at APPC rate of Rs.3.26 per unit, as part of the power purchase cost. It is observed that the energy accounted pertains to FY 2024-25 but was actually settled at the APPC rate during FY 2025-26. The licensee has accounted for and claimed this solar energy on accrual basis rather than on actual basis, which is not a correct practice. The claim of consumers for settling surplus energy injected during 2024-25 arises only during 2025-26 as per the Regulations. The Commission is of the view that such settlements at the APPC rate shall be accounted for as per provisions in the Regulations. Accordingly, the claim pertaining to the current year shall be submitted by the licensee during the truing up of accounts for FY 2025-26 and will be examined at that stage. Further, the cost of solar power purchase from prosumers settled during 2024-25 was already claimed by the licensee in the truing up for the year 2023-24 and was allowed in that year. **Therefore, the Commission hereby disallows the claim of Rs.46.25 lakh made by the licensee towards solar energy from prosumers under power purchase cost.**
24. Considering the approved distribution loss, the quantum of power purchase corresponding to the excess distribution loss is disallowed at the average cost of power purchase and the approved power purchase cost is shown below;

Table 12
Details of the cost of power purchase approved for 2024-25

Particulars	Trued up
Actual distribution loss at 6.57% (lakh units) (1)	123.68
Energy loss at approved distribution loss at 6.30% (lakh units) (2)	118.22
Excess distribution Loss (lakh units) (1-2)	5.46
Average power purchase cost Rs. /kWh	7.64
Excess distribution Loss at average power purchase cost (Rs. lakh) (3)	41.71
Actual Power purchase cost (Rs. lakh) (4)	13993.82
Less: Energy settled at APPC (Rs. Lakh) (5)	46.25
Less: Excess distribution loss (Rs. Lakh) (6)	41.71
Approved Power purchase cost (Rs. lakh) (4-5-6)	13905.86

25. **Accordingly, the Commission hereby approves Rs.13905.86 lakh as the cost of power purchase for the year 2024-25.**

O & M Expenses

26. Operation & Maintenance expenses are controllable expenses and include expenses of Employee cost, Repair & Maintenance Expenses and Administrative & General Expenses. Regulation 80 (2) of the Tariff Regulations, 2021, clearly specifies that the distribution licensees shall be allowed to recover the operation and maintenance expenses as per the norms specified in Annexure 7 of the Regulations. The Commission as per the above Regulation of the Tariff Regulations, 2021 had approved the licensee to recover O&M costs of Rs.1659.19 lakh as per norms for the year 2024-25. The licensee has claimed Rs.1787.44 lakh as O&M expenses in the petition which includes provision for pay revision also. The comparison of O&M expenses with the norms as per Tariff Regulations 2021 and previous years is tabulated below.

Table 13
Comparison of O&M Expenses (Rs. lakh)

Particulars	2022-23		2023-24		2024-25	
	Truing up petition	Trued Up	Truing up petition	Trued Up	Approved ARR&ERC	Truing up petition
Employee cost	1081.96	1417.18	1138.07	1534.60 including efficiency gain	1434.90	1229.17
Provision	127.50		127.50		-	127.50
R&M Expenses	79.31		104.01		107.70	99.42
A&G Expenses	304.42		334.46		116.59	331.35
Total	1593.19		1417.18		1704.04	1534.60

27. For the year 2024-25, the actual employee cost and R&M cost is lower compared to the approved norms, whereas the A&G expenses are higher than the norms. The Commission has analyzed each of the components submitted by the licensee. The details are given below:

Employee cost

28. The employee cost claimed by the licensee for the year 2024-25 is lower than the norms approved in the Tariff Regulations 2021. As per the details provided in the petition, the employee cost for the year is Rs.1229.17 lakh as against the norm of Rs.1434.90 lakh. The comparison of employee cost of the licensee is shown below.

Table 14
Comparison of Employee Cost (Rs. lakh)

Particulars	2022-23	2023-24	2024-25
	Claimed and trued up	Claimed and trued up	Truing claim
Basic Salary	743.43	722.24	743.17
Earned Leave Encashment	40.87	72.69	61.86
Employer Contributions	13.13	22.58	22.32
Other Allowances	3.36	5.31	6.02
Bonus/Festival Allowance	8.99	9.21	11.38
Pension Payments	87.37	85.48	80.06
Stipend and Wages	179.01	192.52	253.45
Grade promotion Arrear	5.80	28.04	50.92
Gross Employee Expenses	1081.96	1138.07	1229.18

29. Major claim of the licensee includes basic salary, earned leave encashment, Pension Payments and Stipend and Wages. The licensee in the current petition has included wages of security staff under the head employee expenses. The head stipend and wages includes Rs.233.57 lakh towards daily wages and Rs.19.88 lakh towards security staff expense. These security staff expense were earlier included under the head Administration and General expenses. The licensee has stated that Security personnel are engaged by the licensee on a continuous basis for safeguarding assets and installations, and their wages are of the same nature as other staff costs. With regard to the wages paid to security staff classified to employee expense as against Administrative and general expense, Commission views that it is not prudent practice to reclassify such expense without proper justification. Commission is of the considered view that the said expense cannot be treated as part of employee expense as claimed by the licensee and shall be booked under the head administration and general expense as considered while truing up the accounts in the previous years.
30. The licensee had stated that, as per the pay revision order 2013, the DA declared in KSEB Ltd is only allowed to TCED employees and the DA declared by the Government from time to time is not given to TCED employees. The pay revision order 2018 of KSEB Ltd is so far not implemented in TCED and is still under the consideration of Govt. of Kerala and that is the main reason for the reduced employee cost when compared to the previous financial year.

31. The licensee has also claimed an additional amount of Rs.127.50 lakh as provision for pay revision arrears. The Commission over the years have been taking the stand that any provision created for discharging any future liability cannot be claimed in the truing up petition and had stated that the expense can only be allowed during the year in which the actual payment is made. **Accordingly, the said provision created for the pay revision is not allowed.**
32. The licensee in the petition has stated that, as per the direction of the Commission, the licensee engaged M/s Kerala State Productivity Council (KSPC) to conduct a workforce study assessing manpower adequacy and deployment. The study report, based on detailed analysis, was approved by the Thrissur Corporation Council (Resolution No. 1 dated 29.10.2025) and forwarded to the Principal Director, LSGD for further action. Since finalization of staff pattern is essential for implementing the 2018 Pay Revision, the report has been submitted for approval and is currently under final consideration by the Government.
33. The Commission has examined the submission of the licensee and noted the fact that the licensee has limited the employee cost to a level lower than the norms fixed by the Commission. The major reason for reduction of employee cost compared to past two financial year is that there was no Pay Revision arrear and DA arrear incurred during the current year.
34. The Commission hereby directs the licensee to maintain control over the expenses associated with employee cost. **Considering the details submitted and the actual employee cost, excluding security staff expense, being within the norms fixed, the Commission hereby approves the actual employee expenses of Rs.1209.30 lakh (Rs. 1229.18 lakh – Rs.19.88 lakh) 2024-25.**

Repair and Maintenance Expenses

35. The licensee in the petition has claimed Rs.99.42 lakh as the R&M expenses for the year 2024-25 as against the norm of Rs.107.70 lakh. The comparison of the R&M expenses is shown below.

Table 15
Comparison of R&M Expenses (Rs. lakh)

Particulars	2022-23	2023-24		2024-25
	Claimed and Trued up	Truing Up Claim	Trued Up	Truing Up Claim
Plant & Machinery	15.82	8.63	103.11 as per the norms	18.14
Buildings	0.96	1.85		-
Labour Works	0.47	0.50		2.57
Lines & Cable Networks	47.26	83.06		61.59
Vehicles	1.82	1.73		3.88
Furniture & Fixtures	1.26	0.41		0.64
Office & IT Equipment	11.71	7.83		12.60
Gross R&M Expenses	79.31	104.01	103.11	99.42

36. The major expenses booked under R&M is for Plant & Machinery, Lines & Cable Networks and Office Equipment. The R&M expense has decreased as compared to previous year and the approved norms. The licensee has stated that, the R&M expenses are less than the previous year, primarily due to the timely completion of preventive maintenance works, adoption of energy-efficient and durable materials, and deferral of certain non-critical repair activities to the subsequent period based on condition assessment. Also, despite reduction in expenditure, all essential maintenance works were duly carried out to ensure system reliability, safety, and continuity of supply. The licensee has stated that R&M expenses from FY 2022-23 to FY 2024-25 have remained within or broadly in line with the norms approved by the Commission. The increase in FY 2023-24 was mainly due to higher spending on lines and cables for major replacement and strengthening works aimed at improving reliability and reducing losses, while the slight moderation in FY 2024-25 reflects completion of these activities. Variations in other heads, including plant and machinery and labour, are attributable to periodic overhauling, system upgrades, and operational requirements.
37. ***The Commission has analysed the details submitted by the licensee. As the actual claim made by the licensee is lower than the approved norms, the Commission hereby approves Rs.99.42 lakh as Repair and maintenance expense for the year 2024-25 as claimed by the licensee.***

A&G Expenses

38. The A&G expenses claimed for the year 2024-25 is Rs.331.35 lakh which is significantly higher compared to the normative amount of Rs.116.59 lakh. The major amounts booked as part of administrative and general expenses are the rent, conveyance and vehicle expenses, professional charges, security and staff wages, accident compensation and duty under Section 3 of the Kerala Electricity Act 1963. A comparison of the claims made over the years is tabulated below;

Table 16
Details of A&G Expenses (Rs. lakh)

Particulars	2022-23		2023-24		2024-25
	Truing up claim	Trued Up	Truing up claim	Trued Up	Truing up claim
Rent Rates & Taxes	59.68	Approved norms of Rs.106.85 Additionally allowed	48.01	Approved norms of Rs.111.61 Additionally allowed accident compensation charges, energy audit	7.65
Insurance	4.04		2.82		3.11
Telephone & Postage, etc.	5.82		5.15		5.10
Legal charges	3.24		3.20		3.20
Consultancy charges	12.91		17.41		7.96
Other Professional charges	8.79		10.93		-
Conveyance	27.47		29.23		31.37
Fuel Charges	-		-		5.04
Water charges	0.59		-		-

Printing & Stationery	4.16	accident	6.06	charges and	4.28
Advertisements, exhibition publicity	6.82	compensation	10.76	rent of	-
Training expenses	0.58	charges,	-	Rs.7.15 lakh,	5.81
Miscellaneous Expenses	7.92	consultancy	4.88	totalling to	2.27
Professional fee for DPR	-	charges	-	Rs.185.75	31.50
Bank Charges	6.83		8.11	lakh	13.21
License Fee and other related fee	4.22	Total amount	5.85		6.26
Accident Compensation	10.16	allowed	52.12		-
CGRF Sitting fee	-	Rs.158.91	-		0.24
Others	2.89		2.34		1.25
Security Staff Wages	19.51		19.56		-
Self-Consumption	9.26		9.58		9.06
PET test	22.15		-		-
Gross A&G Expenses	217.03	158.91	236.01	185.75	161.53
Ele. Duty u/s 3(I), KED Act	87.38	-	98.45	-	169.82
Net A&G Expenses	304.42	158.91	334.46	185.75	331.35

39. The licensee has stated that, the Corporation Council decided not to proceed with the Kannamkuzhy Small Hydel Project and sought alternative renewable projects from EMC. However, EMC encashed the Bank Guarantee of Rs.1.925 crore and retained an equal deposit. Efforts are ongoing to recover these amounts. Further, an amount of Rs.31.50 lakh has also been incurred by the licensee for the above project. The licensee accounted the same under Fixed Assets in view of the proposed implementation of the project. As the project is now discarded, the licensee has claimed the amount of Rs.31.50 lakh under A&G expenses. The Commission is of the opinion that, this expense towards detailed project report for a discarded project cannot be allowed as an expense under the head Administration and General expense. **Therefore, the Commission hereby disallows the claim of Rs.31.50 lakh made by the licensee towards the purchase of detailed project report.**
40. With regard to rent, the licensee has stated that, they have only claimed rent after applying an escalation of 5% from the Commission approved rent in the previous truing up order for the year 2023-24. This is in line with the decisions taken regarding rent in the previous truing up orders. **Therefore, the Commission hereby approves Rs.7.65 lakh as rent for the year 2024-25.**
41. The licensee in the petition has claimed Rs.4.25 lakh towards energy audit fee under the consultancy charges. The Commission in the previous truing up orders have been allowing this expense over and above the norms as the same was not considered at the time of fixation of norms. **Therefore, the Commission hereby approves Rs.4.25 lakh as energy audit fee under the head administration and general expense for the year 2024-25.**

42. The licensee has booked Rs.169.82 lakh towards Electricity Duty for the year 2024-25. The Commission in the previous Orders had stated that duty under Section 3 cannot be passed on to the consumers in view of the statutory provisions of the Kerala Electricity Duty Act, 1963. **Hence the same is disallowed.**
43. **Regarding the additional expenses, the licensee shall submit all data to substantiate the expenses in the petition which shall be considered if prudent. The Commission is of the considered view that A&G expenses are controllable expenses and the Commission hereby approves Rs.128.49 lakh (116.59 + 4.25+ 7.65) as A&G expenses for the year 2024-25.**

Summary of O&M Expenses approved for 2024-25

44. The O&M expenses approved, which includes Employee costs (Rs.1209.30 lakh), R&M expenses (Rs.99.42 lakh), and A&G expenses (Rs.128.49 lakh) totaling to Rs.1437.21 lakh for the year 2024-25 which is lower than the approved O&M expenses of Rs.1659.19 lakh as per the Tariff Regulations, 2021. Hence, there is a gain of Rs.221.98 lakh (Rs.1659.19 lakh – Rs.1437.21 lakh). As per Regulation 14 of the Tariff Regulations, 2021, the aggregate gain on the controllable parameters is to be shared in the ratio of 2:1 i.e., 2/3rd of gain is to be retained by the licensee and 1/3rd is to be passed on to the consumers. The relevant portion of the Regulation is shown below.

14.Mechanism for sharing of gains or losses on account of controllable factors.

(1) The aggregate gain to the generating business/company or transmission business/licensee or distribution business/licensee or State Load Despatch Centre, as approved by the Commission, on account of controllable factors shall be dealt with in the following manner: -

(i) one-third of the amount of such gain as approved by the Commission shall be passed on to the consumers as rebate in the tariff ;

(ii) the remaining two third of the amount of such gain, may be utilized at the discretion of the generating business/ company or transmission business/ licensee or distribution business/ licensee:

45. The Commission had allowed retaining the benefit of efficiency gain to the licensee due to the O&M expenses incurred being lesser than the norms fixed and accordingly is eligible for the benefit as per Regulation 14 of Tariff Regulations 2021. Hence, the Commission hereby approves Rs.1585.20 lakh as the Operation and Maintenance expenses after considering the gains on O&M expenses for the year 2024-25 as shown below.

Table 17
O&M Expenses approved for the year 2024-25

Sl.no	Particulars	Rs. lakh
1	Total O&M expenses as per the Tariff Regulations	1659.19
2	Total O&M expenses Trued Up	1437.21
3	Total Efficiency Gain (1-2)	221.98
4	Efficiency Gain to be retained by the licensee (2/3 rd of (3)) = 221.98*2/3	147.99
5	Approved O&M expenses for the Truing Up of accounts (2+4)	1585.20

Asset additions

46. The licensee in the petition stated that the total asset addition made during the year is Rs.235.40 lakh. The licensee has also stated that a deduction of Rs.54.15 lakh has been made from the fixed assets and the consumer contribution for service connection lines and associated works amounts to Rs.60.44 lakh. The details of assets addition during the year is shown below.

Table 18
Details of asset additions and deductions during 2024-25 (Rs. lakh)

Asset Description	Total Addition to Assets*	Deductions from fixed assets
Distribution lines	64.08	86.07
Plant & machinery	110.42	22.46
Meters	23.06	(40.81)
Furniture & fixtures	1.21	
Office Equipment	5.36	0.43
IT Equipment	8.39	
Software	2.89	
Vehicles	20.00	(14.00)
Gross Asset	235.40	54.15

47. Licensee has stated that, the asset additions represent essential investments in strengthening the LT distribution system, such as Rs.64.08 lakh under distribution lines and Rs.110.42 lakh towards substation equipment along with additions to meters, office and IT equipment, software, furniture and vehicles. The licensee has also submitted that during the physical verification of assets, an additional Rs.54.15 lakh was recognised on account of rectification of omissions due to upgradation or replacement of assets, reclassification of assets, and inclusion of assets that were commissioned but not previously accounted for in the fixed asset register.

48. The licensee has filed separate petition for additional capital investment plan for the remaining years of the control period and is admitted as OP 55/2025. In the additional capital investment proposal the licensee had proposed an investment of Rs.131.92 lakh for the year 2024-25. Also, there are differences in the amounts proposed in the write up and forms of the said capital investment plan. ***The Commission is of the opinion that the capital investment proposal needs to be analysed in detail. Therefore, the asset additions will be approved based on the capital expenditure petition in due course based on Final Order in (OP 55/2025).***

Depreciation

49. Depreciation is to be claimed in the straight-line method as per the provisions of the Tariff Regulations, 2021 quoted below;

“27. Depreciation.–

(1) Depreciation shall be calculated on the original capital cost of the asset as approved by the Commission:

Provided that, no depreciation shall be allowed on the increase in value of the assets, on account of revaluation of assets:

Provided further that the depreciation shall not be allowed on the assets created through consumer contribution, deposit works, capital subsidies and grants.

(2) The generation business/ company or transmission business/ licensee or distribution business/ licensee shall be permitted to recover depreciation on the approved capital cost of fixed assets used in their respective business, computed in the following manner:-

(i) “depreciation shall be allowed upto a maximum of 90% of the approved capital cost of asset.

(ii) depreciation shall be computed annually based on the straight line method at the rates specified in Annexure 1 to these Regulations for the first thirteen financial years from the date of Commercial operation;

(iii) the remaining depreciable value as on the thirty first day of March of the financial year ending after a period of thirteen financial years from the date of Commercial operation shall be spread over the balance useful life of the assets;

(iv) the generating business/ company or transmission business/ licensee or distribution business/ licensee, shall file all such details and documentary evidence, as may be required under these Regulations and as may be required by the Commission from time to time, to substantiate the above claims;

(v) No depreciation shall be allowed for assets created through consumer contribution, deposit works, capital subsidies and grants;

(vi) the salvage value of the fully depreciated asset shall be ten per cent of the allowable capital cost as approved by the Commission;

Provided that the salvage value of Information Technology equipment and computer software shall be considered at zero percent of the allowable capital cost.

(3)
.....”

50. The licensee has claimed depreciation of Rs.161.01 lakh for the year 2024-25. The Commission had approved a depreciation of Rs.207.39 lakh while approving the Order on ARR& ERC. The details of the depreciation claimed by the licensee for the year 2024-25 are as shown below.

Table 19
Depreciation claimed by the licensee for the year 2024-25 (Rs. lakh)

Particulars	GFA as on 01-04-2024	Assets Addition	Adjustments & Deductions	Depreciation	Adjustment on depreciation
Distribution Lines	2,487.27	64.08	(86.07)	99.06	(113.53)
Sub Station Equipment	3,059.45	110.42	(25.66)	72.87	(84.24)
Furniture & Fixtures	34.61	1.21	0.00	1.92	0.00
Office Equipment	139.09	5.36	(0.43)	3.55	(0.22)
Vehicles	53.68	20.00	14.00	0.91	12.60
Land & Land rights	23.39				
Building	119.93			3.16	(0.00)
Meter	642.65	23.06	40.81	55.07	18.53
Software	36.99	2.89	0.00	2.80	(0.00)
IT Equipment	134.87	8.39	(0.00)	12.15	0.04
Solar	331.80		3.20	17.35	1.44
Total	7,063.73	235.11	(54.15)	268.84	(165.38)
Less Assets created out of accumulated surplus	2,512.67			107.82	
Net Asset Addition and depreciation	4,551.06			161.02	

51. As observed from the table above, the licensee has duly accounted for the asset additions while computing depreciation for FY 2024–25. As stated in para 43 of this Order, the Commission, after detailed examination of the asset addition proposals shall approve the admissible asset additions for the year, and the depreciation shall be allowed accordingly based on such approval in the order in (OP 55/2025). **Therefore, the Commission hereby provisionally approves an amount of Rs.119.57 lakh as depreciation, being the approved depreciation for the year 2023-24, for the purpose of truing up of accounts for the year 2024-25.**

Interest and finance charges

52. The licensee has claimed interest and finance charges of Rs.313.50 lakh for the year 2024-25 towards interest on security deposits at an interest rate of 6.75%. As per the provision of the Kerala Electricity Supply Code, the licensee is bound to provide interest on security deposit collected from consumers. The Commission has been taking the consistent stand that, the actual disbursement of interest on security deposit during the year can only be allowed in the process of truing up.

53. It is seen that, based on the audited accounts of the licensee, the total amount of interest charges paid to the consumers on the security deposits is Rs.313.50 lakh. **Accordingly, Commission approves interest on security**

deposit of Rs.313.50 lakh actually paid during the year 2024-25 under interest and finance charges.

54. The Licensee has claimed Rs.111.67 lakh as interest on normative loan for the year 2024-25. The commission while truing up the accounts for 2023-24 had approved interest on normative loan amounting to Rs.123.32 lakh for the year 2023-24.
55. As per Regulation 26(3a) of the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (First Amendment) Regulations, 2023 states that, where the equity and loan employed are not clearly identifiable, the total approved capital cost after adjusting for grants, regulatory surplus allowed for creation of assets and/ or consumer contributions will be treated as normative loan. The relevant portion of the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (First Amendment) Regulations, 2023 is quoted below.

“(3a) Where the equity and loan employed are not clearly identifiable, the total approved capital cost after adjusting for grants, regulatory surplus allowed for creation of assets and/ or consumer contributions will be treated as normative loan.”

56. As per Regulation 29 of the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2021 if the licensee does not have any actual loan portfolio, interest charges shall be calculated at Base rate. The relevant portion of Regulations is shown below.

29. Interest, Finance charges and Carrying cost. –

- (1) *The loans arrived at in the manner indicated in Regulation 26 shall be considered as gross normative loan for calculation of interest on the loans:*

Provided that the interest and finance charges on capital works in progress shall be excluded from such consideration and will not be considered in the ARR and truing up processes:

Provided further that in case of retirement or replacement of the assets, the normative loan amount approved by the Commission shall be reduced to the extent of outstanding loan component of the original value of the retired or replaced assets; based on documentary evidence.

- (2) *The normative loan outstanding as on the first day of April, 2022, shall be worked out by deducting the amount of cumulative repayment as approved by the Commission upto the thirty first day of March, 2022, from the normative loan.*
- (3) *Notwithstanding any moratorium period availed by the generating business/ company or the transmission business/ licensee or the distribution business/ licensee, the repayment of loan shall be considered from the first financial year of the declaration of the commercial operation date of the project and shall be equal to the depreciation allowed for that financial year.*

(4) *The rate of interest allowed shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each financial year applicable to the generating business/ company or the transmission business/ licensee or the distribution business/ licensee or State Load Despatch Centre:*

Provided that if there is no actual loan for a particular financial year of the Control Period but normative loan is still outstanding, the rate of interest on the last available loan shall be considered:

Provided further that if the generating business/ company or the transmission business/ licensee or the distribution business/ licensee or State Load Despatch Centre does not have any actual loan outstanding, but normative loan is outstanding, then interest shall be allowed at the base rate.

(5) *The interest on loan shall be calculated on the normative average loan as per the norms approved by the Commission for the financial year, by applying the weighted average rate of interest.*

57. Considering the above provisions and decision mentioned in the Para 46 of this Order, the interest on normative loan amounting to Rs.113.56 lakh is approved for the year 2024-25 as shown below;

Table 20
Interest on Normative Loan for the year 2024-25 (Rs. lakh)

Opening Normative Loan	1300.91
Less: depreciation for the year 2024-25 as repayment of loan	119.57
Closing Normative Loan	1181.34
Average Normative Loan	1241.12
Rate of Interest	9.15%
Interest on normative loan	113.56

*SBI 1-year EBLR – 9.15% on 01-04-2024

58. ***Accordingly, the Commission hereby approves Rs.427.06 lakh (313.50+113.56) as Interest and finance charges for the year 2024-25.***

Return on Net Fixed Assets

59. The licensee has claimed Return on NFA for the year 2024-25 computed as per Regulation 28 of KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021. As per Regulation 28(2) of the Tariff Regulations 2021, if there is no equity invested in the business or equity invested in the regulated business of the distribution licensee is not clearly identifiable, return at the rate of 5.50% shall be allowed on the net fixed assets at the beginning of the financial year for such regulated business. The Commission while approving the ARR & ERC for the year 2024-25 had approved Rs.155.60 lakh as RoNFA. The details of RoNFA claimed by the licensee is tabulated below.

Table 21
Return on NFA for the years 2022-23, 2023-24 and 2024-25 (Rs. lakh)

Particulars	2022-23	2023-24		2024-25
	Claimed and Trued Up	Truing up	Trued up	Truing Up petition
Balance net fixed assets on which returns can be allowed	2828.13	2563.81	1317.30	1401.67
Return on Net Fixed Assets @ 5.50%	155.55	141.01	72.45	77.09

60. The licensee has claimed Rs.77.09 lakh as return on net fixed assets for the financial year 2024-25 at the rate of 5.50% of Net Fixed Assets. The licensee in the petition has stated that the claim of RoNFA is after reducing consumer contribution at the beginning of the financial year. The licensee has also stated that Rs.10.17 Cr being Return on Equity upto 2023-24 payable to Thrissur Corporation is adjusted against the outstanding energy charges for street lighting services of Rs.10.26 Cr. The balance amount of Rs.0.09 Cr is to be adjusted later. TCED is planning to continue the practice as elimination of electricity arrears especially that of government departments is important factor in RDSS's pre-qualification criteria and result evaluation framework.
61. The Commission in the truing up order dated 09.04.2025 for the year 2023-24 approved Return on NFA, after adjusting the capital additions approved for the year 2022-23 and 2023-24. The Commission has approved Rs.122.16 lakh as asset additions for the year 2023-24, allowing it to be utilized (except consumer contributions) from the accumulated surplus of the licensee and also that the licensee is not eligible to claim depreciation, interest on normative loan and Return on NFA on the assets created by utilizing the approved regulatory surplus. Accordingly, the Commission hereby approves the RoNFA for the year 2024-25 as shown below:

Table 22
Return on NFA for the years 2024-25 (Rs. lakh)

Particulars	Trued Up
Gross Fixed Assets at the beginning of the year	6988.80
Less: Cumulative Depreciation at the beginning of the year (3489.88+127.49+119.57)	3736.94
Net Fixed Assets eligible at the beginning of the year	3251.86
Less: Fixed assets financed by Consumer contribution at the beginning of the year (566.82+2.21+13.53+23.65)	606.21
Less: Asset additions from the year 2022-23 through accumulated surplus	222.27*
Less: GFA for which interest is allowed	1241.12
Balance net fixed assets on which returns can be allowed	1182.26
Return on Net Fixed Assets (1182.26*5.50%)	65.02

(* Asset additions for the year 2022-23 and 2023-24 – consumer contributions = Rs.259.45 lakh - Rs.37.18 lakh)

62. **The Commission hereby approves the return on NFA at Rs.65.02 lakh for the Financial Year 2024-25.**

Revenue from Sale of Power

63. During the year 2024-25, the revenue from the sale of 1758.25 lakh units is Rs.16022.59 lakh. The major sale of power and revenue realisation is from domestic, commercial and HT category of consumers. Compared to the previous year there is increase in the revenue from the sale of power. The category wise Revenue from Sale of power for the year 2024-25 as compared with previous year is as shown below.

Table 23
Comparison of Revenue from Sale of Power for 2023-24 and 2024-25

Particulars	2023-24				2024-25			
	Number of consumers	Units Sold in lakhs	Total Revenue (Rs.lakh)	Average Realisation (Rs/kwh)	Number of consumers	Units Sold in lakhs	Total Revenue (Rs.lakh)	Average Realisation (Rs/kwh)
LT Categories								
LTI	23383	440.76	2899.65	6.58	23211	483.83	3082.44	6.37
LT IV A	485	33.64	237.48	7.06	480	34.82	252.80	7.26
LT IV B	4	0.60	4.78	8.01	5	0.50	3.81	7.67
LT V A	181	0.55	2.45	4.44	177	0.48	2.54	5.25
LT V B	1	0.00	0.02	7.81	1	0.00	0.01	-3.22
LT VI A	254	22.41	171.43	7.65	249	22.00	173.36	7.88
LT VI B	467	27.82	220.04	7.91	455	25.66	218.99	8.53
LT VI C	503	52.73	585.68	11.11	501	53.70	602.97	11.23
LT VI D	32	0.59	1.41	2.38	31	0.71	1.58	2.24
LT VI E	43	0.71	4.96	7.01	43	0.67	4.70	6.98
LT VI F	716	54.31	562.51	10.36	708	58.22	603.11	10.36
LT VI G	83	11.10	113.26	10.21	83	10.98	114.28	10.41
LT VII A	14597	488.49	5253.27	10.75	14651	526.25	5720.63	10.87
LT VII B	1688	8.52	61.58	7.23	1702	9.76	72.72	7.45
LT VII C	15	3.44	39.87	11.61	16	4.03	46.39	11.52
LT VIII B	325	11.71	58.51	5.00	364	12.75	65.58	5.14
LTII	5	0.06	1.55	23.88	126	2.41	43.67	18.09
LT IX	77	0.83	15.59	18.70	5	0.58	7.80	13.49
LT III		0.07	1.10	15.78	-	-	-	0.00
LT X	2	0.46	3.08	6.68	6	0.83	5.79	6.94
HT Categories								
HT- I A	5	8.96	73.11	8.16	5	9.62	74.96	7.79
HT- II A	10	26.46	206.90	7.82	10	32.46	235.28	7.25
HT- II B	29	191.47	1785.17	9.32	29	187.71	1785.90	9.51
HT- IV A	58	144.55	1498.13	10.36	59	145.97	1540.57	10.55
HT- IV B	36	130.20	1325.95	10.18	35	133.06	1353.43	10.17
SPS	1	3.50	35.15	10.05	-	-	-	0.00
Self-consumption		1.34	9.58	7.15	3	1.26	9.06	7.18
Total	43000	1665.27	15172.20	9.11	42955	1758.25	16022.59	9.10

64. The licensee has stated that, the consumer mix and revenue structure for the year 2024-25 reflect TCED's strong dependence on the HT and LT commercial segments for revenue generation, while domestic consumption continues to form a substantial share of total energy sales. The licensee vide letter dated 24.01.2026 has removed the green energy charge of Rs.1.77 lakh from the

Revenue from sale of power and revised the Revenue from sale of power to Rs.16020.82 lakh. The licensee has also revised the average realization, stating that the average realization was initially calculated considering the total units supplied, however as only the billed units contribute to the revenue from sale of power, they have reworked the calculation. The details of the revised claim is as shown below:

Table 24
Revised Revenue from sale of power

Particulars	2024-25			
	Number of consumers	Units Sold in lakhs	Total Revenue (Rs.lakh)	Average Realisation (Rs/kwh)
LT Categories				
LTI	23211	446.73	3,082.44	6.90
LT IV A	480	34.82	252.80	7.26
LT IV B	5	0.50	3.81	7.67
LT V A	177	0.48	2.54	5.25
LT V B	1	0.00	0.01	-3.22
LT VI A	249	22.00	173.36	7.88
LT VI B	455	25.66	218.99	8.53
LT VI C	501	53.70	601.20	11.23
LT VI D	31	0.71	1.58	2.24
LT VI E	43	0.67	4.70	6.98
LT VI F	708	58.22	603.11	10.36
LT VI G	83	10.98	114.28	10.41
LT VII A	14651	526.25	5,720.63	10.87
LT VII B	1702	9.76	72.72	7.45
LT VII C	16	4.03	46.39	11.52
LT VIII B	364	12.75	65.58	5.14
LTII	126	2.41	43.67	18.09
LT IX	5	0.58	7.80	13.49
LT III	-	-	-	0.00
LT X	6	0.83	5.79	6.94
HT Categories				
HT- I A	5	9.62	74.96	7.79
HT- II A	10	32.46	235.28	7.25
HT- II B	29	187.71	1,785.90	9.51
HT- IV A	59	145.97	1,540.57	10.55
HT- IV B	35	133.06	1,353.43	10.17
SPS	-	-	-	0.00
Self-consumption	3	1.26	9.06	7.18
Banked energy adjustment		37.10		
Total	42955	1758.26	16020.82	9.11

65. As per the details provided in the petition, the collection efficiency of the licensee for the year 2024-25 is 99.00%. Commission notes that the collection efficiency for 2023-24 was 99.49%. Considering the growth in sales, recovery from the general industrial slowdown and improvement in business activity of the licensee, ***the Commission hereby approves the revenue from sale of power at Rs.16020.82 lakh for the purpose of Truing Up of Accounts for the year 2024-25.***

Non-tariff income

66. The non-tariff income booked by the licensee for the year 2024-25 is Rs.581.85 lakh which is lower than the claim in 2023-24. The comparison of the non-tariff income is tabulated below.

Table 25
Comparison of Non-Tariff Income (Rs. lakh)

Particulars	2023-24 Truing Up Accounts	2024-25 Truing Up Accounts
Interest on investment, fixed and call deposit, bank balance	314.86	235.05
SD interest from KSEB	63.55	73.42
Interest on delayed or deferred payment	68.94	79.15
Commission for collection of electricity duty	12.49	13.06
Pole rent income	52.58	41.70
Recovery of theft and pilferage of energy	6.74	2.88
Meter/metering equipment/service line rentals	48.76	46.96
Sale of Scrap	-	57.61
Miscellaneous receipt	37.05	32.02
Total	604.98	581.85

67. Compared to previous year there is decrease in pole rent. The licensee has stated that the pole rental income is subject to long standing dispute since 2018, currently under the order of High Court. During the current year the rent collected as per interim order is Rs.41.70 lakh.

68. The cumulative revenue surplus till 2023-24 is Rs.16306.22 lakh. The Commission notes that the licensee has not considered the interest on accumulated surplus as part of the non-tariff income for the year 2024-25. The interest income is worked out on regulatory surplus held by the licensee. The rate of interest considered for the year is the SBI retail term deposit rate for a tenure up to one year prevailing as on 01.04.2024, which is 6.80%.

69. The Commission in the previous Truing Up Orders while computing the interest income took a consistent stand with regard to allowing interest on accumulated surplus after duly reducing the surplus to the tune of asset addition considering the request of the licensee. The total assets addition from the accumulated surplus approved by the Commission for the year 2023-24 is Rs.98.51 lakh. Thus interest on accumulated surplus is calculated as shown below;

Table 26
Interest on Revenue Surplus for the year 2024-25

Particulars	Rs. lakh
Cumulative surplus at the beginning of 2024-25	16306.22
(Less) Capital Addition funded from Surplus for the year 2023-24 (122.16 - 23.65)	98.51
Accumulated Surplus available for interest income as on 01-04-2024	16207.71
Rate of interest considered (SBI retail term deposit rate for a tenure up to one year)	6.80%
Interest income on Surplus	1102.12

70. The total interest applicable for the Cumulative Revenue Surplus is Rs.1102.12 lakh. The licensee has already accounted Rs.235.05 lakh towards interest on FD and bank balances. Thus, the balance amount of Rs.867.07 lakh is accounted as interest income and included under non-tariff income. **Accordingly, the Commission approves Rs.867.07 lakh as interest on accumulated surplus for the year 2024-25.** Thus, the total non-tariff income for the year 2024-25 is as shown below:

Table 27
Non-Tariff Income for the year 2024-25 (Rs. lakh)

Particulars	As per Truing Up Petition	Trued Up
Other Income	581.85	581.85
Interest on accumulated surplus	-	867.07
Total	581.85	1448.92

71. **The Commission hereby approves Rs.1448.92 lakh as Non-Tariff Income for the year 2024-25 as against Rs.581.85 lakh claimed in the petition.**
72. Based on the above, the approved expenditure and revenue for the year 2024-25 after Truing Up is as shown below:

Table 28
Income and Expenditure after Truing Up of Accounts for 2024-25 (Rs. lakh)

Particulars	2024-25		
	ARR Approved	Revised Truing up petition	Trued up
Power Purchase Cost	12294.71	13993.82	13905.86
Employee cost	1434.90	1229.17	1585.20
Provision for salary revision	-	127.50	
R&M Expenses	107.70	99.42	
A&G Expenses	116.59	331.35	
Depreciation	207.39	161.01	119.57
Interest and Finance Charges (Interest on security deposit)	95.66	313.50	313.50
Interest on normative loan	-	111.67	113.56
Return on NFA	155.60	77.09	65.02
Total Expenditure	14412.55	16444.53	16102.71
Revenue from sale of power	13779.42	16020.82	16020.82
Other income	951.43	581.85	1448.92
Total income	14730.85	16602.67	17469.74
Revenue Surplus (+)/ Gap (-)	318.30	158.14	1367.03

Revenue (Gap)/Surplus for 2024-25

73. Accordingly, as against the approved Revenue surplus of Rs.318.30 lakh for the year 2024-25 in ARR&ERC Order, the licensee in the petition for Truing Up of Accounts has claimed a Revenue Gap of Rs.158.14 lakh. After Truing Up of accounts for the year 2024-25, the Commission hereby approves the Revenue Surplus of Rs.1367.03 lakh is as shown below.

Table 29
Revenue (Gap)/ Surplus Approved for the year 2024-25 (Rs. lakh)

Particulars	2024-25		
	Approved ARR&ERC	Revised truing up	Trued Up
Total Expenditure	14412.55	16444.53	16102.71
Total income	14730.85	16602.67	17469.74
Revenue Surplus (+)/ Gap (-)	318.30	158.14	1367.03

Orders of the Commission

74. The Commission after considering the petition filed by M/s. Thrissur Corporation Electricity Department for Truing Up of Accounts for the year 2024-25, views presented by the licensee during the hearing and the clarifications and details provided by the licensee approves the following:

- a) **Total income is Rs.17469.74 lakh**
- b) **Total expenditure is Rs. 16102.71 lakh**
- c) **The revenue surplus for the year 2024-25 is Rs.1367.03 lakh**
- d) **Total cumulative revenue surplus till 2024-25 will be Rs.17574.74 lakh (Rs.16306.22 lakh as opening cumulative revenue surplus + current year revenue surplus of Rs.1367.03 lakh – assets created out of accumulated surplus for 2023-24 Rs.98.51 lakh).**

Directives

75. a. The licensee shall ensure compliance of metering and banking arrangements as per Kerala State Electricity Regulatory Commission (Renewable Energy and Net Metering) Regulations, 2020.
- b. The licensee shall take necessary steps to properly meter the prosumers and suitable steps shall be taken for correctly accounting the details of generation, banking of energy, import and export by solar prosumers and the same shall be submitted as part of the petition for truing up petitions in the future.
- c. The licensee shall also properly account the consumption of the solar prosumers (time zone wise) in order to obtain a proper pattern of the consumption.
76. The petition is disposed of. Ordered accordingly.

Sd/-
Sri. T.K Jose
Chairman

Sd/-
Sri. B. Pradeep
Member

Approved for issue
Sd/-
Rajendran K V
Secretary