



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Companies Act, 1956)

CIN:U40100KL2011SGC027424

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Abstract

Sub: - Release of connections for agriculture purposes without insisting on certificate from Agriculture Department – detailed methodology – approved – orders issued

CORPORATE OFFICE (SBU-D)

B. O (FTD) No. /2020 [No. D (D&IT)/ D6-AE3/ Ease of doing business/ 2019 - 2020/] Dated, Tvpm .03.2020

Read: - 1. B.O (FTD) No. 1902/2018(D (D&IT)/D-6-AE3/Ease of doing business/2018-19) dated, 02.11.2018 Thiruvananthapuram

2. Recommendation of the 14th Distribution Core Committee meeting on 09.04.2019

3. KSERC order on 08.07.2019 in the petition filed by KSEB Ltd for the approval of ARR and tariff proposal for the control period from 2018 – 2019 to 2021 - 22

4. Note No. KSEBL/ TRAC/ AEE (G)/ Tariff Revision/ 2019 – 20/ 454/ 01.11.2019 of the Deputy Chief Engineer, Tariff and Regulatory Affairs Cell

5. Note D (D&IT)/ D6-AE3/ Ease of doing business/ 2019 - 2020/ 12.02.2020 (Agenda 18/3/20)

ORDER

The Board had decided to release electricity service connections on production of two documents, one regarding proof of ownership and one regarding proof of identity, vide the order cited first above, in line with Ease of Doing Business considerations. But, in the case of applicants requiring agriculture connections, additional conditions are insisted. Such applicants are required to produce a certificate from concerned officials of the Agriculture department and are to adhere to area related stipulations in the case of agriculture land holdings. In the prevailing scenario, insistence on these additional qualifying conditions is contrary to Ease of Doing Business principles and is to be avoided.

The Distribution Core Committee meeting held on 09.04.2019 discussed the matter in detail and reiterated the necessity for elimination of these unwarranted stipulations regarding agriculture service connections. As decided in the Core Committee meeting, the Deputy Chief Engineer with full powers of Chief Engineer (Commercial & Planning) was requested to evolve a decision on

elimination of these additional stipulations. Consequently, the matter was taken up with the honourable Kerala State Electricity Regulatory Commission. Relevant portion of the submission made before the honourable Commission is reproduced hereunder.

I. Tariff applicable for agriculture pumping without adequate land holdings.

Presently, the minimum area prescribed by the Government for agriculture connection as per the Government order dated 06.11.2006 is as follows:

- (i) Agriculture crops - not less than 30 cents of which 75% of the area to be used for cultivation.*
- (ii) Vegetables - not less than 10 cents*
- (iii) Betel vine - not less than 5 cents.*

The consumers holding land as above are now being provided with LT V (A) Agriculture tariff. Presently, there is no uniformity across the State in assigning tariff for consumers (for agriculture purpose) having their land holdings below the prescribed limit as specified above. Hence, it may be considered to categorise these group of consumers under LT IV (A) tariff, being motor/power load.

Honourable Commission in the order of ARR, ERC and tariff proposal for the control period 2018 – 19 to 2021 – 22 considered the matter and opined as follows.

Opinion of the Commission

The Commission examined the proposal of KSEB Ltd. As per the Section 62(3) of the Electricity Act, 2003, the Commission is empowered to recategorise consumers based on the purpose of usage. The minimum land holding specified by the State Government, cannot be considered as a criterion for assigning agriculture tariff. If the licensee convinced that, the pumping water is for agriculture purpose, irrespective of the land holdings prescribed by the Government, agriculture tariff can be assigned to such consumers.

Based on the above opinion of the honourable Commission, the Deputy Chief Engineer with full powers of Chief Engineer (Commercial & Planning) recommended release of agriculture service connection under LT V (A) on two documents as in the case of other categories, without insisting on minimum land holdings prescribed by the State Government or certificate from the Agriculture Officer, subject to the following conditions.

As per the Order dated 10.07.2019, KSEB Ltd has decided to continue subsidy allowed for agriculture consumers at the rate of 85 paise/ unit for entire consumption in compliance to the Government order dated 06.08.2012. The rates applicable to agriculture consumers as per the prevailing tariff order are as below.

Particulars	Revised Tariff w.e.f 08.07.2019
Fixed Charge (/ kW or part thereof per month)	10

Energy Charge (₹ / unit)	2.30
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As an amount of 85 paise/ unit is allowed as subsidy, effective energy charge payable by agriculture consumers is ₹ 1.45/ unit. Being a highly subsidized tariff, it would be appropriate to limit Government subsidy to farmers having land holdings within the extent prescribed by the Government. As such, agriculture consumers having land holdings outside the limit prescribed by the Government are to be billed at the unsubsidized rates, i.e., the rates given in the table above.

As per available data, the total number of agriculture connection billed under LT V (A) tariff is 4.75 lakhs out of which approximately 2.8 lakhs consumers have their payments made through Krishi Bhavans. The balance 1.95 lakh consists of consumers having land holdings within the limits prescribed by the Government and those having land holdings outside the limit. Details for identifying these two groups are not readily available in the consumer database. As per feedback received from the field, it is understood that agriculture connections under LT V (A) category were provided only on production of certificate from the Agriculture Officer concerned, prior to notification of the prevailing tariff order in the month of August 2019. Consumers having such certificates would be having their land holdings within prescribed limits, as this check is being done by officials of the Agriculture Department, prior to issuance of the certificate. Some field offices started giving agriculture connections without insisting on such certificates consequent to the remark in the order of ARR, ERC and tariff proposal mentioned above, i.e., from the month of August 2019 only. As such, agriculture connections having land holdings outside the prescribed limits would consist of a portion of such connections provided after August 2019 and would obviously be very few.

Considering the facts stated supra, it is essential to segregate agriculture connections having land holdings conforming to the limit specified by the Government and those that do not conform to the limits, so that government subsidy can be limited to those having land holdings conforming to the limit specified by the Government only. As details required for effecting such segregation is not currently available in the consumer database, it has to be collected from the field, which is a cumbersome task. Alternately, such segregation may be established and recorded prospectively, for agriculture connections provided hence forth, considering the fact that prevailing agriculture connections that do not conform to the land holding limits prescribed by the Government are very few.

The proposal for providing agriculture connections in line with Ease of Doing Business considerations was placed before the Full Time Directors, as per the note read 5th above.

Having considered the matter, the Full Time Directors in its meeting held on 03.03.2020

1. Resolved to release agriculture connections under LT V (A) tariff category to applicants on production of two documents along with the application, one regarding proof of ownership and the other regarding proof of identity, after ensuring that the purpose for which the connection is sought is included in the list of activities under the category LT V (A) in the prevailing tariff order, irrespective of whether the applicant has produced letter of authorization or certificate from the concerned authority in Agriculture department or the land holdings of the applicant is not in conformance with the relevant stipulations of the State Government.
2. Further resolved to limit the subsidy of ` 0.85 / Unit being provided by the State Government for agriculture consumers under LT V (A) category only to those consumers who produce letter of authorization or certificate from the concerned authority in Agriculture department and have land holdings conforming to the stipulations of the State Government.
3. Further resolved to insist that an applicant requiring agriculture service connection but do not produce letter of authorization or certificate from the concerned authority in Agriculture department and have land holdings which is not in conformance with the relevant stipulations of the State Government shall furnish an undertaking in plain paper that he/ she would raise no claim on the State Government subsidy given to agriculture consumers for the energy consumed.
4. Resolve to instruct the Chief Engineer (IT, CR & CAPS) to effect suitable changes in the OrumaNet software to enable capture of data as to whether the applicant has produced letter of authorization or certificate from the concerned authority in Agriculture department that the land holdings of the applicant conforms to relevant State Government stipulations, in the case of agriculture connections provided under the tariff category LT V (A).

Orders are issued accordingly.

By order of the Full Time Directors

Lekha G

Company Secretary I/C

To

Chief Engineers (Distribution South, Central, North, North Malabar)

Chief Engineer (IT, CR & CAPS)

The Deputy Chief Engineer with full powers of Chief Engineer (Commercial & Panning)

Deputy Chief Engineers of Electrical Circles

Copy to:

The Chief Engineer (HRM) / Financial Adviser

The TA to Chairman & Managing Director

The TA to Director (D, IT & HRM, G – C, GE & SCM, T&SO, Safety, CP & REES)

The Legal Liaison Officer

The PA to Director (Finance) / Senior C.A. to Secretary (Administration)

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Forwarded/By Order

Assistant Executive Engineer