

THE STATE ELECTRICITY OMBUDSMAN

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Appeal Petition No. P/030/2026 (Present A. Chandrakumaran Nair) Dated: 24-07-2026

Appellant : Sri. P.R.Gireesan
Director, M/s. Woodys Hotels Pvt. Ltd.,
M.G Road, Ernakulam - 682011

Respondents : 1. The Special Officer (Revenue)
Vydyuthi Bhavanam, Pattom
Thiruvananthapuram

2. The Deputy Chief Engineer
Electrical Circle, KSE Board Ltd.
Ernakulam, Ernakulam(DT)

ORDER

Background of the case

The appellant Shri. P. R. Gireesan, is the managing partner of M/s. Woodys Hotel (P) Ltd., M. G. Road, Ernakulam. The Woodys Hotel (P) Ltd. was an HT consumer of the licensee KSEBL reference no.LCN 32/3539. The service connection was dismantled on 21/10/2020 due to non-payment of electricity charges. There was an undisputed arrear of Rs.48,88,047/- as on 02/11/2022. The undisputed amount was cleared by the appellant when the licensee had initiated R. R. proceedings to recover the arrear. An amount of Rs.26,10,839/- is due from the appellant as electricity duty which under dispute in the Hon'ble High Court of Kerala vide WP(C)/30977/2010. The excess interest collected for the appellant works out to Rs.1,61,691/- have been refunded to the appellant. This appeal petition is filed against the order dtd 18/03/2026 of CGRF in the petition OP/83/25-26. The prayers for the refund of security deposit of Rs.5,33,270/-. Refund of interest of Rs.2,87,966/- as the interest of cash security deposit and Rs.2,87,966/- as the interest towards the unencashed Bank Guarantee.

Arguments of the Appellant

The Honourable CGRF has omitted to respond or consider even a single aspect of the specific set of issues - as elaborated in subsequent parts of this submission, and has chosen to not pass any relief to us, on the listed below grievances, by blanketly assessing that all the issues are intrinsically connected (without citing even an iota of substance and justification) with the case in the Honourable High Court of Kerala in W.P.C 30977/2010. This is despite the clear knowledge and understanding that the case is restricted to the issue of only whether the KSEB is entitled to charge and collect Electricity Duty at 10% of Energy Charges or not. No other matter is under consideration of the Honourable High Court. Refund of Cash Security Deposit of Rs 5,33,270/- post termination and dismantling of service. Refund of uncashed Bank Guarantee amount of Rs 5.33,270/- despite having the services disconnected and very high amount of arrears as on Nov 2019, prior to expiry of the BG and resorting to Recovery of the such Bank Guarantee amount through Revenue recovery Proceedings on 30 Oct 2022, instead of seeking the same from the Bank. Refund of the associated Interest on SD amount of value Rs 5,75,932 between 01 Nov 2019 to 31 Oct 2022 recovered from us through RR proceedings. Had they encashed both the Cash Security Deposit as well as the Bank Guarantee, our principal arrear amounts would have been reduced as on Nov 2019, thereby reducing both are principal arrears as well as Interest on the same, prior to encashment of amounts through Revenue Recovery proceedings.

As part of the requirement to comply with your Honourable Ombudsman order in P 07/2025, KSEB sought from us an Undertaking to the effect that the Disputed arrears shall be remitted by us to KSEB subject to the outcome of the pending litigation vide their letter dtd 07 Jul 25. Post the exchange of communications between the SOR office and us (Dtd 28 July 25, 31 July 25, 29 Aug 25,) and based on the oral agreement reached in the office of the SOR (the undersigned had gone in person as part of the order compliance in Honourable CGRF order No. 31/2025-2026) wherein they agreed to return the expired Bank Guarantees as well as refund of the security deposit as requested in my letter dtd 28 July 25, I provided them the Stamp paper undertaking. While they returned most of the expired Bank Guarantees, they stated that the security deposit refund will happen shortly. Unfortunately, this has not happened as yet. If absolutely no credence or value is given to the Undertaking as demanded by KSEB and provided by us, and still KSEB wants to retain the Cash Security deposit, then we may please be permitted to consider the undertaking as null and void. KSEB cannot have both for the same reasons. In our submission to the Honourable CGRF we had specifically raised a set of issues along with our assessments / views on the issues, so that our grievances can be addressed in a full and complete fashion based on substance and clear reasoning. The Honourable CGRF has omitted to respond or consider even a single one of them.

We submit, that as per Clause 71 of the Kerala Electricity Supply Code 2014 Security Deposit mandatorily needs to be refunded, as by Dismantling of the

services, the agreement is deemed to be terminated. We submit that since we have provided an undertaking for the Disputed Electricity Duty amount, pending the orders of the Courts of India, KSEB is not entitled to retain the cash security deposit amount and there by profit from just needing to pay the nominal bank rate, if the final order of the court is in our favour, when the market rates for funds are far higher and we are in desperate need for funds. We submit that there is no regulation nor any case law existing that permits KSEB to withhold Security Deposit against a perceived due, despite a clear interim High Court order on the dues payable towards Electricity Duty against the claims made by them. Given that the market rates for Interest are far higher than the KSEB Regulation mandated Interest to be provided for Security deposit, we must be compensated with market rate Interest as well as other compensations for hard ship, in the event they the order of the Honourable High Court is not in KSEB favour. It is to be noted that the cash deposit amount is far far lower than their claimed disputed electricity duty amounts.

At no point of time till date, they have sought or issued any notice for cash security deposit for the Disputed electricity duty amount, with us or anyone who is part of the High Court Case W.P.C 30977/2010. There is no regulation or court order, which entitles them to seek or issue a notice demand for cash security deposit towards Disputed Electricity Duty arrears. Thus, they inherently are not entitled to retain any amount as cash security for such claims. We submit, that KSEB cannot treat amounts related to Disputed Electricity Duty as its own arrears, or arrears due to it from the Consumer as it is a Government Tax amount and KSEB functions only as a pass-through agency. Further as per THE KERALA ELECTRICITY DUTY ACT, 1963, Chapter III section 8, even if Honourable High Court Oder in W.P.C 30977/2010 is in favour of KSEB, and in the event we do not make good the demand of KSEB, the only recovery options as specified in the act is as “Any sum due on account of Electricity Duty, if not paid at the time and in the manner prescribed, shall be deemed to be in arrears, and thereupon such interest not exceeding eighteen present per annum which the Government may by general or special order fix, shall be payable on such sum and the sum together with any interest thereon, shall be recoverable either through a Civil Court or as an arrear of land revenue.” No where in the Act does it specify, that KSEB can demand Security Deposit towards Electricity Duty, let alone retain and maintain any Security Deposit amount. The fact that Disputed Electricity Duty amounts is not an arrear to KSEB is further clarified and unambiguously in the Honourable Ombudsman order in Appeal No P07/2025 dtd 28 March 2025.

Refund of the Cash Security Deposit of Rs 5,33,270/-. Refund of Revenue Recovery process recovered Interest value of Rs 2,87,966/- associated uncashed Cash Security Deposit value of Rs 5,33,270/- (Between 01 Nov 2019 and 31 Oct 2022). Refund of Revenue Recovery process recovered Interest value of Rs 2,87,966/- associated with Bank Guarantee value of Rs 5,33,270/- (Between 01 Nov 2019 and 31 Oct 2022). Interest at 18% p.a on principles on reciprocity and natural justice, towards the total interest

recovered as stated above on 02 Nov 2022 of value Rs 5,75,932/-, w.e.f 20 Nov 2022, till date of payment to us. Refund of KSEB unclaimed BG amount of Rs 5,33,270/- that was recovered from us through Revenue Recovery proceedings, which should have been recovered from the Bank by KSEB instead of from us. Request that costs and compensation towards hardship faced be also awarded.

Arguments of the Respondent

The petitioner's firm, M/s Woodys Hotels (p) Ltd, Ernakulam (LCN 32/3539) was a High Tension Consumer in the Electrical Section, College, under the jurisdiction of the Deputy Chief Engineer. Electrical Circle, Ernakulam. The service to the consumer was dismantled on 21.10.2020 due to the non-payment of current charge arrear dues. As per system Enrgise details, the petitioner possesses current charge arrear amounting to Rs 26,10,841/- without interest as on 29.12.2025 which is under dispute before the Honorable High Court of Kerala involved in WP (c) No. 30977/2010.

As there were pending arrears in petitioner's account, KSEBL initiated the legal procedures for Revenue Recovery action for realizing the undisputed amount. Eventually, the consumer remitted the undisputed amount amounting to Rs 48,88,047/- (Principal with interest) on 02.11.2022, which excluded the disputed amount of Rs 26,10,839/- The consumer contented the calculation and filed petition to the CGRF as OP No. 32/25-26. The Hon'ble CGRF issued order directing SOR to convene a joint meeting to examine in detail the disputed calculation and determine the actual excess amount collected from the consumer. The excess interest amount collected is to be refunded. The joint meeting was held on 29.08.2025 and excess amount collected towards belated payments charge was calculated as Rs 1,61,691/- and the same was refunded by the Licensee on 25.09.2025.

The consumer has a disputed arrear Rs. 26,10,839/- (Without Interest) involved in WP(C) 30977/2010 with the High Court of kerala. The Security deposit available is only Rs 5,33,270/-. It is not sufficient to compensate the above arrear, moreover the service connection is already dismantled. Therefore the refunding of security deposit with interest can be considered only after the finalisation of the pending Court case - Wp(C) 30977/2010.

The security deposit shall be refunded to consumer on termination of the agreement within Thirty days after the settlement of all dues payable to the licensee. As per the regulation, the licensee is bound to refund the security to the consumer on the termination of agreement only after the consumer settle all dues payable to the licensee. In this case, the settlement of dues to the KSEBL has not taken place. As the litigation on the dispute of charging electricity duty is still pending before the Hon'ble High Court of Kerala, the payment of arrear amount continues to remain unsettled. As per Supply Code Rule 71 Cited Security Deposit shall be refunded to the consumer on termination of Agreement within Thirty days after the Settlement of all dues payable to the licensee. However, duty dispute amounting Rs 26,10,839/- (Without Interest) is due from the consumer. Hence, the refunding of Security

Deposit with interest can be considered only after the finalization of the pending case Wp (c) No. 30977/2010 (Hon'ble High Court of Kerala).

In the same case the Ombudsman in its order in Review Petition No. P/01/2026 Dated 23.03.2026 filed by P. R Gireesan has directed that the appellant is eligible to get the interest of the SD every year, the same is to be refunded. We are waiting for the Board order for compliance in the above decision. Regarding encashment of Bank Guarantee on verification, it is seen that the consumer had submitted a request for installment facility during the 11/07/2019. As directed by the Hon'ble minister for Electricity at that time reconnection was permitted on remittance of a gross amount of Rs 4 lakhs and the balance amount was allowed to be paid in installments (Exhibit R1). In compliance with the direction of the Hon'ble minister for Electricity, the installment facility was granted. Since the installment facility allowed as per the said directions, KSEBL did not initiate any action for encashment of the Bank Guarantee. However, a notice was issued both to the consumer and bank for renewal of the Bank Guarantee on 02/09/2019. At present the consumer has no active bank Guarantee. The bank Guarantee executed by the City Union Bank Ltd, No 0008613FBG044248 amounting Rs, 5,33,270/- was returned on 29.08.2025.

KSEBL is a Public Sector Undertaking and it functions as per rules and regulations as established by the statutes. Considering the facts that the contentions of the petitioner are challenging Regulations of Kerala Electricity Supply Code 2014 and the conditions of the Tariff Order dated 08.07.2019, as a statutory remedy is available to the petitioner. The present petition may be dismissed in limine without entering into the merit of the case. Considering the aforesaid facts, the Representation No. P 030/2026 filed by P R Gireesan in respect of M/s Woodys Hotels (p) Ltd, Ernakulam (LCN-32/3539) MG Road Ernakulam, may be dismissed with cost.

Counter arguments of the appellant

At the outset, we disagree with the claim of KSEB, that the Disputed Electricity Duty amount without Interest is Rs 26,10,841/-. We have made many presentations to KSEB and CGRF, and that matter to resolve the correct amount remains unsettled. An amount of Rs 1,61,691/- was paid to us only on 24 Mar 26, and not on 25 Sep 25. We accept that this is a part payment of the amounts due to be paid to us post the outcome of the implementation of the Honourable Ombudsman order RP/01/2026 dtd 23 Mar 26

We have outlined in our pleadings along with justifications for refund of security deposit, which has not been specifically countered to. Our request for instalment was for 18 months, whereas, what was granted was for 6 months, and that too with about 30% of the due amount including interest amounting to about Rs 12 Lakhs, to be paid within a week of the letter date. We could manage to pay Rs1.5 Lakhs after 2 months, and hence on 18th Oct 2019, they disconnected the service.

The disconnection of power supply to our premises, eliminated any possibility

of revenue generation from the premises. Even then through strenuous efforts, we managed to organise and pay Rs 5 lakhs on 15 Nov 2019. Yet they chose not to restore the service. Given the situation, where in we had very high arrears, power supply already disconnected, absolutely nothing prevented them to encash the BG, and then seek the short fall in SD amount to reconnect the service. Thus, not encashing the BG on time, and yet not restoring the services, and then leveraging the RR proceedings to recover amounts that was recoverable, through the BG, and on top of it adding Interest on the same, is totally unjustifiable and unlawful and against our interests. Thus we are fully entitled to get refund of the BG amount along with the interest portion recovered through RR proceedings, and interest w.e.f 31 Oct 2022.

Analysis and findings

The hearing of the appeal petition was conducted on 09/07/2026 at 11:00 am in the office of the State Electricity Ombudsman, DH Road & Foreshore Road Junction, near Gandhi Square, Ernakulam. The hearing was attended by the appellant Sri. P. R. Gireesan and the respondents Smt. Soumya K. S., Senior Superintendent, O/o the SOR, Thiruvananthapuram dist., Sri. Pradeep P., Nodal and Welfare Officer, Electrical Circle, Ernakulam dist. and Sri. Thomas P. M., Assistant Engineer, ESD, College, Ernakulam dist.

M/s. Woodys Hotel (P) Ltd. was an HT consumer of the licensee KSEBL under the college Electrical Section, Ernakulam. The appellant was defaulted the current charges and hence the Service connection was disconnected and dismantled. The undisputed arrears along with interest was paid by the consumer. The appellant contented that the licensee had charged excess interest and hence an amount of Rs. 1,61,691/- was refunded to the appellant. There was an arrear towards the electricity duty which works out to Rs. 26,10,841/- and this is the disputed amount. WP(c)/30977/2010 is pending in the Hon'ble High Court of Kerala regarding the Electricity duty chargeable to the classified Hotels. The Security Deposit of Rs. 5,33,270/- was not refunded due to the case pending in the High Court of Kerala. The Bank Guarantee for Rs. 5,33,270/- which was accepted as 50% of Security deposit was expired and returned to the appellant on 29/08/2025.

The prayers in the case in hand are

1. Refund of Security deposit of Rs. 5,33,270/-.
2. The interest of Rs. 2,87,966/- for the security deposit for a period of 11/2019 to 10/2022.
3. Refund of interest of Rs. 2,87,966/- which would have been accrued if the BG would have been encashed.
4. The interest @18% for the amount of Rs. 5,75,932/- as per the prayer 2 & 3.

The various prayers have been examined in details. The decision regarding the release of security deposit as per prayer 1 have been decided by this authority in the petition P/57/2025 and review petition RP/01/2026. As such there is no merit in reexamining this case. The declaration submitted by the appellant states that the prayers in the petition have not been decided by the Ombudsman in the earlier cases. Then the declaration submitted by the appellant is a wrong declaration. The appellant is liable to pay the penalty for the wrong declaration.

Regarding the prayer 2 which is about the interest on the security deposit also have been decided as per the petition P/57/2025 dtd 28/11/2025. There is no merit in reexamining this also.

3 the claim of Rs. 2,87,966/- is arrived by the appellant as the interest if the Bank guarantee would have been encashed. The licensee used to accept the security deposit of HT consumers in two forms which 50% in cash and 50% in Bank guarantee. The appellant was defaulted the electricity charges. The recovery of energy charges by the licensee for the defaulties are done through Revenue Recovery Process. Here the BG was expired and the expired BG have been refunded to the appellant. This claim is raised by the appellant without any basis. The appellant states that if the licensee would have encashed an interest would have been accrued. As this BG has not been invoked and the same was expired and returned, there is no merit on this claim also.

Decision

On verifying the documents submitted and hearing both the petitioner and respondent and also from the analysis as mentioned above, the following decision are hereby taken.

1. There is no merit on the claims raised by the appellant and hence this petition is dismissed and disposed.
2. No other costs ordered.

ELECTRICITY OMBUDSMAN

No. P/030/2026/ dated: 24.07.2026.

Delivered to:

1. Sri. P. R. Gireesan, Director, M/s. Woodys Hotels Pvt. Ltd., M. G. Road, Ernakulam (dt)
2. The Special Officer (Revenue), Vydyuthi Bhavanam, Pattom, Thiruvananthapuram (dt).
3. The Deputy Chief Engineer, Electrical Circle, KSE Board Ltd., Ernakulam, Ernakulam (dt)

Copy to:

1. The Secretary, Kerala State Electricity Regulatory Commission, KPFC Bhavanam, Vellayambalam, Thiruvananthapuram-10.
2. The Secretary, KSE Board Limited, Vydhyuthi bhavanam, Pattom, Thiruvananthapuram-4.
3. The Chairperson, Consumer Grievance Redressal Forum, 220 kV Substation Compound, HMT Colony P.O., Kalamassery, Pin- 683503.