

No. 23/22/2019-R&R Part-4
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 6th April 2020

To,
Secretary-in-charge (Power/Energy),
All State Governments/UTs

Subject: Clarification to letters dated 27.03.2020 regarding Letter of Credit and 28.03.2020 regarding

Sir,

1. Vide letter No.23/22/2019-RR dated 27.03.2020, the requirement of either making prepayment or giving Letter of Credit (LoC) for the entire cost of the power sought to be scheduled, that was put in place on the 20.06.2019, was relaxed to the effect that during the period 24.03.2020 to 30.06.2020, the requirement of prepayment / giving LoC before power is scheduled shall be for 50% of the cost of power. There has been some mis-conception regarding the interpretation of this order and queries have been received in this Ministry. It is made clear that the obligation to pay for the power within 45 days of the presentation of bill (or the period given in the PPA) remains the same. Therefore, while for scheduling power the Distribution Companies will need to either deposit or give LoC for 50% of the cost of power they want to be scheduled, the remaining 50% will have to be paid within the period given in the PPA, failing which the delayed payment surcharge will apply.
2. In case of nonpayment of dues within the stipulated period, late payment surcharge is applicable which in most cases goes up to 18% per year. Keeping in mind the present situation, the Government of India have vide letter dated 28.03.2020 advised the CERC to reduce the rates of late payment surcharge applicable for the period 24.03.2020 to 30.06.2020. From 01.07.2020, the delayed payment surcharge shall apply at the rate given in the PPA. It is clear, therefore, that the reduced rate of late payment surcharge on electricity dues will be available only up to 30.06.2020. From the 01.07.2020, onwards the normal/penal rates of late payment surcharge, as per PPA/regulations, shall apply.

3. Therefore, in brief –
 - (a) The obligation to pay for power within 45 days of the presentation of the bill or as provided in the PPA remains unchanged.
 - (b) Late payment surcharge shall apply at reduced rate only for the period between 24.03.2020 to 30.06.2020 (on those payments that become overdue during the period 24.03.2020 to 30.06.2020 and not on those payments which were already overdue before 24.03.2020) and after 30.06.2020 the delayed payment surcharge shall be payable at rates given in the PPA/regulations.
 - (c) Obligation to pay for capacity charges as per the PPA shall continue, as does the obligation to pay for transmission charges.
4. Efforts are also being made to infuse some liquidity in the power sector, the details of which would be shared with Discoms shortly. However, Discoms may also raise funds, if required, to meet this crisis. Suggestions in this regard may be sent to the undersigned.
5. This issues with the approval of Minister of State (Independent Charge) for Power and New and Renewable Energy, Government of India.

Yours faithfully,



(Ghanshyam Prasad)
Chief Engineer (RR &OM)
Tele No. 2371 0389

Copy to:

1. Chairperson, CEA, Sewa Bhawan, RK Puram, New., Delhi
2. All Generating Companies
3. All Distribution Companies
4. Secretaries of All State Electricity Regulatory Commissions(SERCs)/JERCs
5. Secretary, CERC/FOR, Chandralok Building, Janpath, New Delhi
6. All Joint Secretaries/Directors/Deputy Secretaries, Ministry of Power
7. CMD, CPSUs (generation/transmission)
8. CMD, POSOCO / Heads of NLDC & RLDCs

Copy for information to:

1. PS to MOS(I/C) for Power & NRE
2. PPS to Secretray (P), PPS to AS(SM), PPS to AS(SKGR)
3. Technical Director, NIC Ministry of Power with the request to upload this communication of MoP's website.

No. 23/22/2019-R&R Part-4
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 28th March 2020

To,
The Chairperson,
Central Electricity Regulatory Commission,
Chanderlok Building, Janpath,
New Delhi

Subject: Direction to the Central Electricity Regulatory Commission (CERC) under section 107 of the Electricity Act, 2003 regarding reduction of Late Payment Surcharge (LPS)

Sir,

1. We are in receipt of representations from power distribution companies and state governments requesting to waive payment of Late Payment Surcharge in view of the force majeure situation arising due to severe restrictions placed on movement of public and opening of offices and establishments etc. by the state governments and vide order dated 24.03.2020 of Ministry of Home Affairs (MHA), Government of India. It has been informed that the consumers of the power distribution companies (discoms) are unable to pay their dues because of this unprecedented situation which is likely to continue for some time. This will affect the liquidity position of the discoms thereby reducing their ability to make timely payments to generating companies (gencos) and transmission companies (transcos).
2. The matter has been examined in the Ministry of Power. The Ministry acknowledges the gravity and unprecedented nature of the situation. Payments received in the month of March 2020 account for a large share of the annual revenues of these companies. Extremely low receipts due to non-payment or delayed payment by consumers, the cash flow in the system may be impeded. To mitigate the problem, some relief requires to be granted to the discoms to make payments to generating companies and transmission licensees.
3. CPSU gencos/transco are being advised not to use coercive means for recovering dues and continue supply/transmission of electricity since it is an essential service, as also recognised by MHA vide its order dated 24.03.2020. RBI has also provided a three-month moratorium on repayments of outstanding loans and interest on working capital.

4. In view of the above, using powers under section 107 of the Electricity Act, 2003, the following directions are issued to Central Electricity Regulatory Commission in public interest:
- i. The Commission may specify a reduced rate of Late Payment Surcharge (LPS) for payments which become delayed beyond a period of 45 days (from the date of presentation of the bill) during the period from 24th March 2020 to 30th June 2020 to generating companies and licensees treating the restrictions placed by the central government vide its order dated 24.03.2020 to contain COVID-19 as an event of force majeure. The reduced LPS shall be applicable for such delayed payments till 30th June 2020. The LPS should not be more than the cost that the generating companies or transmission licensees would have to bear because of the delayed payment.
 - ii. For generating companies and transmission licensees whose tariff was determined under section 63 by the Central Commission, discoms may claim relief from its obligations regarding the rate at which LPS is to be paid, as per force majeure provisions given in respective power purchase agreement.
5. This issues with the approval of Minister of State (Independent Charge) for Power and New and Renewable Energy, Government of India.

Yours faithfully,



28/3/2020

(Ghanshyam Prasad)
Chief Engineer (RR &OM)
Tele No. 2371 0389

Copy to:

1. All Joint Secretaries/Directors/Deputy Secretaries, Ministry of Power
2. CMD, CPSUs (generation/transmission) with the advice to not use coercive means to recover dues and continue supply/transmission of electricity without any interruption
3. PS to MOS(I/C) for Power & NRE
4. PPS to Secy(P), PPS to AS(SM), PPS to AS(SKGR)
5. Technical Director, NIC Ministry of Power with the request to upload this communication of MoP's website.

Copy also to:

1. The Chief Secretaries, All State Governments/Union Territories: with a request that similar directions under section 108 may be issued by State Governments to respective SERCs and that the distribution companies pass on similar or more benefits to the consumers with regard to LPS.

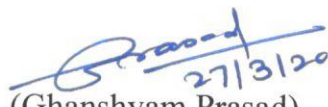
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Government of India
Ministry of Power

Shram Shakti Bhawan,
Rafi Marg, New Delhi,
27th March, 2020

ORDER

Subject: MOP Order dated 28.06.2019 regarding opening and maintaining of adequate Letter of Credit (LC) as Payment Security Mechanism under Power Purchase Agreements by Distribution Licensees - Reg

1. An order no 23/22/2019-R&R dated 28th June 2019, was issued by this Ministry whereby directions were given to load dispatch centres to ensure establishment of adequate payment security mechanism as per contract before despatch of power. Subsequent clarifications and addendum of the above order were also issued from time to time. It was also directed that such entities which do not maintain adequate security mechanism as per contract shall not be allowed to procure power from the power exchange and shall not be granted short term open access.
2. Restrictions have been placed on movement of public and opening of offices and establishments etc by the State governments and vide order dated 24.03.2020 of Ministry of Home Affairs, Government of India to contain the spread of the COVID-19 pandemic in the country. Due to this, many consumers of the discoms are unable to pay their dues. This has critically affected the liquidity position of the discoms thereby impairing their ability to make timely payments to generating and transmission companies and maintaining Letter of Credit.
3. Considering the unprecedented and force majeure situation, it has been decided that power may be scheduled even if payment security mechanism is established for 50% of the amount for which payment security mechanism is to be otherwise established contractually. This order shall be in effect till 30.06.2020.
4. This issues with the approval of Minister of State (I/C) for Power and NRE.


27/3/2020
(Ghanshyam Prasad)
Chief Engineer (RR &OM)
Ministry of Power

To:

1. CMD, POSOCO / Heads of NLDC & RLDCs
2. Principal Secretary/Secretary (Power/Energy), State Governments/UTs — For necessary communication to Discoms/ SLDCs
3. All Generating Companies
4. All Distribution Companies
5. Secretaries of All State Electricity Regulatory Commissions(SERCs)/JERCs.

Copy to:

1. Chairperson, CEA, SewaBhawan, RK Puram, New., Delhi
2. Secretary, CERC/FOR, Chandralok Building, Janpath, New Delhi

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