

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.