

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.