

No. 23/22/2019 -R&R Part-4  
Government of India  
Ministry of Power  
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Shram Shakti Bhawan, Rafi Marg,  
New Delhi, 8<sup>th</sup> October, 2020

To

1. Chairperson, Central Electricity Authority, New Delhi.
2. Principal Secretary/Secretary (Energy), All State Governments/UTs.
3. Registrar, Appellate Tribunal for Electricity, New Delhi.
4. Secretary, Central Electricity Regulatory Commission, New Delhi.
5. Secretaries, All SERCs/JERCs.
6. Chairman/CMDs for all PSUs under administrative control of Ministry of Power.
7. CMDs/MDs of DISCOMs/GENCOs/TRANSCO of all State Governments.
8. DG, Association of Power Producers, New Delhi.
9. President, FICCI, Federation House, Tansen Marg, New Delhi.
10. Head, Prayas (Energy Group), Pune.
11. President, PHDCCI, New Delhi
12. ASSOCHAM, Chanakya Puri, New Delhi

**Subject: Draft Electricity (Late Payment Surcharge) Rules, 2020.**

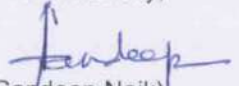
Sir/Madam,

The attention of the Government has been drawn from time to time towards the extremely high rates of late payment surcharge which are in vogue at present. Government have carefully examined the matter. It has been noted that the rates in vogue were fixed when the lending rates were high. The rates of interest have since declined. It is necessary that the rates of Late Payment Surcharge reflect the current cost of borrowing. Accordingly Government have framed draft Electricity (Late Payment Surcharge) Rules 2020.

2. The Draft of Electricity (Late Payment Surcharge) Rules, 2020 are forwarded herewith, with the request that comments, if any, may be forwarded to this Ministry **within 21 days from the date of this letter i.e. by 29<sup>th</sup> October, 2020**. The comments may also be emailed at [sandeep.naik68@gov.in](mailto:sandeep.naik68@gov.in) and [debranjan.chattopadhyay@nic.in](mailto:debranjan.chattopadhyay@nic.in).

Encl: As above

Yours faithfully,

  
(Sandeep Naik)  
Director

Tel: 2371 5250

**Copy to:**

- i) All Joint Secretaries/Senior Adviser, Ministry of Power.
- ii) PS to Hon'ble Minister, Sr. PPS to Secretary (Power), PPS to AS(R&R), Sr. PPS to JS (R&R), PS to Director (R&R)
- iii) Incharge, NIC, Ministry of Power with the request to upload this document on the website of Ministry of Power under heading 'Current Notices' for seeking comments.

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[TO BE PUBLISHED IN THE GAZETTE OF INDIA, PART-2, SECTION 3, SUB-SECTION (ii)]

MINISTRY OF POWER

NOTIFICATION

New Delhi, the ..... October, 2020

G.S.R. .... In exercise of power conferred by section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.-

- (1) These rules may be called the Electricity (Late Payment Surcharge) Rules, 2020.
- (2) These rules shall come into force on the date of their publication in the official Gazette.

2. Definitions.- (1) In these rules, unless the context otherwise, requires,-

- (a) "Act" means the Electricity Act, 2003 (36 of 2003);
- (b) "bank rate" means Marginal Cost of Funds Based Lending Rate for one year of the State Bank of India plus 500 basis points and in the absence of Marginal Cost of Funds Based Lending Rate, any other arrangement

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that substitutes it, which the Central Government may, by notification, in the official gazette, specify;

(c) "due date" means the date by which the bill for the power supplied by the generating company, or for the transmission charges are to be paid, and the due date shall be as specified in the Power Supply Agreement or Power Transmission Agreement and if not specified in the agreement shall be 45 days from the conclusion of its supply or transmission for the month or agreed period.

(d) "late payment surcharge" means the charges payable by a distribution licensee to a generating company for power procured from it or by a user of a transmission system to a transmission licensee on account of delay in payment of monthly charges beyond the due date.

(2) Words and expressions used and not defined herein but defined in the Act shall have the meaning assigned to them in the Act.

3. Late Payment Surcharge shall be payable on the payments outstanding after the due date at the applicable bank rate or the rate as provided in the agreement for supply or transmission of power, if any, whichever is lower.
4. The rate at which Late Payment Surcharge shall be payable on outstanding payment shall increase by 50 basis points each month after the expiry of the first month after the due date, subject to a maximum of applicable bank rate plus 200 basis points:



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Provided that the rate shall not be higher than the rate provided in the agreement for purchase or transmission of power, if any.

5. All payments by a distribution licensee to a generating company or a trading licensee for power procured from it or by a user of a transmission system to a transmission licensee shall be first adjusted towards late payment surcharge and thereafter, towards monthly charges, starting from the longest overdue bill.

[No. 23/22/2019-R&R Part-4]

(Ghanshyam Prasad)  
Joint Secretary to the Government of India