

Outstanding dues amount (in Rs. Crore)	Maximum no. of equal monthly installments (months)
Up to 500	6
501 – 1,000	10
1,001 – 2,000	14
2,001 – 4,000	17
4,001 – 10,000	20
> 10,000	24

(2) Notwithstanding anything contained in rule 3, LPS shall not be payable on the outstanding dues on the day of the notification of these rules provided that the outstanding dues including LPS till the date of the notification of these rules are paid by a distribution licensee as per sub-rule (1).

(3) In case of delay in payment of an installment as per sub-rule (1), LPS shall be payable on the outstanding dues as on the date of notification of these rules.

**6. Operationalizing the Payment Security Mechanism and its consequences-** (1) A distribution licensee shall maintain unconditional, irrevocable and adequate Payment Security Mechanism.

(2) In case of non-maintenance of PSM, Generating Companies, electricity trading licensees and transmission licensees shall regulate power supply to the distribution licensee in accordance with these Rules.

(3) The supply of power at any time shall not be without the PSM or advance payment. In case the generating company supplies power without the PSM or without advance payment, it shall lose the right to collect the Late payment surcharge from the distribution licensee.

(4) In case of non-maintenance of PSM or non-payment of outstanding dues by the default trigger date, the obligation of the generating company to supply power shall be reduced to 75% of the contracted power to distribution licensee and balance 25% of contracted power may be sold by the generating company through the Power Exchange.

(5) If the Distribution licensee doesn't establish PSM or continues to default in payment of outstanding dues for a period of thirty days from expiry of the

notice as referred to in sub-rule (4), then the generating company shall be entitled to sell 100% of the contracted power through Power Exchanges.

(6) During the period of default, the distribution licensee shall continue to be liable for the payment of fixed charges or capacity charges as applicable under the Agreement.

(7) The gains from the sale of such power shall be calculated as the difference between selling price of such power in the power exchange and the expense borne by the generating company including energy charges, transmission charges and other incidental charges and shall be adjusted in the following order:

- (i) recovery of fixed charges;
- (ii) liquidation of overdue amount;
- (iii) the balance shall be shared in the ratio of 75:25 between the distribution licensee and the generating company.

**7. Regulation of Access to Defaulting Entities.-** In case of non-payment of dues even after two and half months from presentation of bill the power supply to the defaulting entity shall be regulated as follows:

1. Short-term access- access to the power exchange shall be regulated entirely.
2. If, even one month after the regulation of the short-term access or the dues have remained unpaid for three and a half months he apart from the regulation short-term access in its entirety the long and medium term access shall be regulated by 10 percent.
3. Reduction or with-drawal of long-term access and medium-term open access shall be in such manner that the quantum of reduction in drawl schedule increases progressively by 10 per cent for each month of default.

Explanation: Short-term open access means access to ISTS for periods up to one year, medium term open access means access to ISTS for one to three years and long-term open access means access to ISTS for periods of more than three years.

4. On payment of outstanding dues the regulation shall end at once.
5. NLDC shall issue detailed procedure to implement the regulation of access according to these rules.

6. In case of such reduction of drawl schedule, the liability for payment of capacity charges for its original share in the generating station as also the inter-state transmission charges shall remain with the Regulated Entity.

**8. Supply Obligation of the Generating Company.** - In case a Generating Company fails to offer the contracted power as per the Agreement to a distribution licensee and sells the contracted power without its consent to any other party, the said generating company, on a complaint to this effect by the licensee to the load dispatch centre concerned, shall be debarred from participating in power exchanges and scheduling of any new short term contracts from that generating station for a period of three months from the date on which the default has been taken cognisance by the concerned load despatch centre. The period of debarment shall increase to six months for second default and shall be one year for each successive default. Such debarment of the generating company shall be without prejudice to the rights of the distribution licensee for seeking compensation for the default by the generating company.

**9. Power not requisitioned by a Distribution licensee.**- (1) A distribution licensee shall intimate its schedule for requisitioning power for each day from each generating company with which it has an agreement for purchase of power at least one hour before the end of the time for placing proposals/bids in the Day Ahead Market for that day, failing which the generating company may sell the un-requisitioned power in the power exchange.

(2) The gain from the sale of such power shall be adjusted in the following order:

- (i) payment to generating company of upto 3 paise per unit
- (ii) recovery of fixed charges.
- (iii) liquidation of overdue amount.
- (iv) the balance shall be shared in the ratio of 50:50 between the distribution licensee and the generating company.

(3) The gain will be calculated as the difference between selling price of such power in the power exchange and the expense borne by the generating company including energy charges, transmission charges and other incidental charges.

(4) The liability of payment of fixed charges towards the un-requisitioned power shall remain with the distribution licensee.

(5) In case a distribution licensee does not requisition power from a must-run power plant, the compensation shall be payable by the licensee to the generating company owning the must-run power plant at the rate specified in the agreement for purchase of power and if no rate is specified in the agreement then in accordance with the Electricity (Promotion of Generation of Electricity from Must-Run Power Plant) Rules, 2021.

**10. Order of Payment and Adjustment towards Late Payment Surcharge.-** All the bills payable by a distribution licensee to a generating company or a transmission company or a trading company for power procured from it, shall be time tagged with respect to the date and time of submission of the bill and the payment shall be made by the distribution licensee first against the oldest bill and then to the second oldest bill and so on so as to ensure that payment against a bill is not made unless and until all bills older than it have been paid for.

**11. Repeal. -** (1) The Electricity (Late Payment Surcharge) Rules, 2021 notified on 22<sup>nd</sup> February, 2021 is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Electricity (Late Payment Surcharge) Rules, 2021 notified on 22<sup>nd</sup> February, 2021 shall be deemed to have been done or taken under the corresponding provisions of this Rule.

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

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**Joint Secretary to the Government of India**