

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION  
SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH**

**Petition No. 11 of 2020  
(Suo –Motu)  
Date of Order: 07.04.2020**

Directions vide letter No. 01/04/2020-EB(PR)/180-182 dated 30.03.2020 Govt. of Punjab, Department of Power issued under Section 108 of the Electricity Act, 2003 to specify a reduced rate (subject to maximum 6% per annum) of late payment surcharge(LPS) for payment which becomes delayed beyond the due date during the period from 24.03.2020 to 30.06.2020 to the Generating Companies or Transmission licensee, treating the restrictions imposed by the Central and State Government to contain COVID-19 as an event of Force Majeure.

**And**

In the matter of: The Commission on its own Motion

Vs

1. Punjab State Power Corporation Limited (PSPCL),  
The Mall, Patiala
2. Punjab State Transmission Corporation Ltd. (PSTCL),  
PSEB Head Office. The Mall, Patiala.
3. All Generators Supplying Power to PSPCL

**... Respondents**

Coram: Ms. Kusumjit Sidhu, Chairperson  
Sh. S.S. Sarna, Member

**ORDER**

1. The Government of Punjab vide its letter No.1/4/2020-EB (PR)/ 180-182 dated 30.03.2020 has issued the following directions under Section 108:

*“Whereas restrictions have been imposed on movement of public and opening of offices and establishments etc. by the Government of India as well as Government of Punjab to control the spread of the COVID-19 pandemic in the country. In this time of crisis, the Government of Punjab is committed to provide uninterrupted 24x7 supply to all Health Care Institutions such as Medical Colleges, Hospitals, Dispensaries and other Medical Establishments and Quarantine Centres across the States for their smooth functioning. Besides, uninterrupted power supply is also being given to all consumers. Despite the lockdown, whole workforce of the power sector (Generation, Transmission, Distribution and System Operations) is working round the clock to keep all homes and establishments energised.*

*Whereas, due to the unprecedented situation which is likely to continue for some time the consumers are unable to pay their dues to the State Discom Punjab State Power Corporation Limited (PSPCL). This has affected the liquidity position of the PSPCL, thereby, impairing its ability to pay to the Generating and Transmission companies. The Government of India has decided that during the present emergency there will be no curtailment of supply to any DISCOM by CPSU Generating/Transmission Companies even to the Discoms which have large outstanding dues to the Generation/Transmission companies. Even, Government of India has directed Central Electricity Regulatory Commission to provide a moratorium of three months to Discoms to make payments to generating companies and transmission licensees and not to levy penal rates of late payment surcharge.*

*Whereas the State Discom PSPCL too has extended due date upto 15.04.2020 for payment of electricity bills of all the domestic, commercial consumers having bills upto Rs. 10,000/- and all Small Power Industrial*

*consumers without levy of late payment surcharge. There will be no disconnection of Small and Medium supply industrial consumers upto 15.04.2020 on account of non-payment of current electricity bills. Even due to less cash flow, PSPCL has to make regular payments on account of coal cost to coal companies, Railway freight, salary and pension, Power Purchase payments etc.*

*Whereas, in view of the force majeure situation arising due to severe restrictions placed on movement of public in the State and continue supply of electricity being an essential service, the Government of Punjab in exercise of powers conferred upon it under Section 108 of the Electricity Act, 2003 issues directions to the Punjab State Electricity Regulatory Commission that in larger public interest the Commission may specify a reduced rate of late payment surcharge (LPS) for payments which become delayed beyond due date during the period from 24th March, 2020 to 30th June, 2020 to Generating company (including renewable energy companies such as Solar, wind, Biomass, small hydro, Co-gen etc.) or transmission Licensee treating the restrictions imposed by the Central and State Government to contain COVID-19 as an event of force majeure. The reduced Late Payment Surcharge shall be applicable for such delayed payments till 30th June, 2020. The late Payment Surcharge shall not be more than the cost that the generating Company or Transmission Licensee (subject to 6% per annum), as the case may be, would have to bear for the actual amount of loan availed because of delayed payment.”*

2. Ministry of Power, Government of India vide its letter No. 23/22/2019-R&R Part-4 dated 28.3.2020 has also issued directions to CERC under Section 107 of the Electricity Act, 2003 to specify a reduced rate of late payment surcharge for payment which become delayed beyond the stipulated period during the period from 24<sup>th</sup> March 2020 to 30<sup>th</sup> June, 2020 to generating companies and transmission licensees treating the restrictions placed due to COVID-19 as an event of force majeure.

3. The Commission refers to Section 108 of the Electricity Act., which provides as under:

***Section 108 (Directions by State Government):***

*(1) In the discharge of its functions, the State Commission shall be guided by such directions in matters of policy involving public interest as the State Government may give to it in writing.*

*(2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the State Government thereon shall be final.*

The Commission is conscious of the difficult conditions which the country is going through. The Government of India itself has declared the prevailing situation as a Force Majeure condition. The State of Punjab is in a state of lockdown since 23.03.2020 and the country since 25.03.2020. The Consumers may or may not be in a position to make payment of their bills on time. PSPCL has announced some concessions regarding late payments of bills for some categories of the consumers. This may result in a tight cash flow situation for PSPCL rendering it difficult for PSPCL to make all its payments to the generators and PSTCL in a timely fashion. The Commission observes that the Reserve Bank of India has also permitted lending institutions and banks to grant a moratorium of three months on repayment in respect of all term loans. Similarly, in respect of working capital facilities, the Reserve Bank of India has permitted lending institutions and banks to defer the recovery of interest on such facilities up to 31.05.2020. Thus, the Commission agrees with the Government of Punjab, that this is a matter of public interest and keeping in view the existing unprecedented situation some relief is required to be given to PSPCL in the applicable rate of late payment surcharge for any delay in its payments to the generators and transmission licensee (PSTCL) during the specified period .

4. The Commission determines the tariff of the generating companies and PSTCL covered under Section 86(1)(a) of the Act in accordance with the tariff regulations framed under Section 61 read with Section 181 of the Act. Further, the Commission

also adopts the tariff of the generating companies under Section 63 of the Act, where the tariff has been discovered through competitive bidding in accordance with the Guidelines issued by the Government of India under Section 63 of the Act.

5. As regards the generating companies and PSTCL whose tariff is determined by the Commission under Section 62 of the Act, as per the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014, as amended from time to time and Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019 (hereinafter "PSERC Tariff Regulations 2014 and 2019 respectively"), provision for payment of late payment surcharge is as under:

***"Regulation 31 of the PSERC Tariff Regulations, 2014 and 2019***

***31. BILLING AND PAYMENT OF CHARGES AND LATE PAYMENT SURCHARGE***

***31.1. All bills for capacity charges, energy charges, transmission charges and other charges shall be raised on monthly basis and payments shall be made by the beneficiaries on monthly basis.***

***31.2. In case, the payment of any bill for charges payable under these Regulations is delayed by a beneficiary beyond a period of **60 days** from the date of billing, a late payment surcharge at the rate of **1.25% per month** or part thereof on the unpaid amount shall be levied by the Generating Company or Transmission Licensee, as the case may be."***

6. The Commission is of the view that in the given situation, a reduced rate should be adopted in place of the penal rate of LPS specified under Regulation 31 of the Tariff Regulations 2014 and 2019, for delayed payments falling due beyond the period of 60 days, during the period from 24.03.2020 to 30.06.2020.
7. Thus, in view of the extraordinary circumstances as noted above, the Commission has considered it necessary to exercise its powers specified under Regulation 67 and 64 of the PSERC Tariff Regulations 2014 and 2019 respectively, to relax the

provision of these Regulations. The same is extracted below:

***“POWER OF RELAXATION***

*The Commission may in public interest and for reasons to be recorded in writing, relax any of the provision of these Regulations.”*

8. Further, keeping in view the directions issued by the Government of Punjab under Section 108 of the Act and to address the difficulties faced by PSPCL on account of the unprecedented situation arising out of the restrictions placed by the Central Government and State Government on the movement of public and opening of offices and establishments etc., the Commission is of the view that at this point of time it would be necessary in public interest to dispense with the requirement of a public hearing. The Commission as per regulation 72 of the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 and other enabling provisions is vested with the power to dispense with the requirements of any of the Regulations in a specific case or cases on its own motion and with notice to the affected parties. Regulation 72 of the Conduct of Business Regulations, 2005 is extracted as under:

***“Power to dispense with the requirement of the Regulations:-***

*The Commission shall have the power, for reasons to be recorded in writing and with notice to the affected parties, to dispense with the requirements of any of the Regulations in a specific case or cases subject to such terms and conditions as may be directed by the Commission.”*

9. Accordingly, the Commission in exercise of its powers under Regulation 67 and 64 of the PSERC Tariff Regulations 2014 and 2019 respectively, relaxes the provisions of Regulations 31 of Tariff Regulations 2014 and 2019 and decides to provisionally reduce the rate of late payment surcharge to 6% per annum for such payments which become delayed beyond the due date during the period from 24.03.2020 till 30.06.2020, payable by PSPCL to the generating companies and PSTCL. It is clarified that if the period of 60 days beyond the due date of the presentation of the bill by the generating companies or PSTCL, falls before 24.03.2020 or after 30.06.2020, PSPCL shall be liable to pay the LPS as per

applicable Regulation 31 of the PSERC Tariff Regulations 2014 and 2019.

10. For generating companies whose tariff has been adopted by the Commission under Section 63 of the Act, PSPCL may claim the relief from its obligations regarding the rate at which LPS is to be paid for payments which become delayed beyond the stipulated period during the period from 24.03.2020 to 30.06.2020, as per the force majeure provisions given in the respective power purchase agreements.
11. This matter will be taken up for hearing along with public hearing at 11 AM on 7th May, 2020 in the Commission's office. All generators, PSPCL, PSTCL and other stakeholders are invited to send their comments and objections via email at secretarypsercchd@gmail.com by 30.04.2020.

Sd/-

**(S.S. Sarna)**  
**Member**

Sd/-

**(Kusumjit Sidhu)**  
**Chairperson**

Chandigarh

Dated: **07.04.2020**