



ग्रिड कंट्रोलर ऑफ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
GRID CONTROLLER OF INDIA LIMITED
(A Government of India Enterprise)



[formerly Power System Operation Corporation Limited (POSOCO)]

राष्ट्रीय भार प्रेषण केन्द्र / National Load Despatch Centre

कार्यालय : बी-9, प्रथम एवं द्वितीय तल, कुतुब इंस्टीट्यूशनल एरिया, कटवारिया सराय, नई दिल्ली - 110016
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ग्रिड-इंडिया/2024/जून

दिनांक: 03rd June 2024

सेवा में,

All stakeholders

विषय: Procedure for Implementation of LPSC Rules 2022 and amendment thereof

संदर्भ: Late Payment Surcharge Rules (Amendment) 2024

महोदय/ महोदया,

In compliance with Electricity (Late Payment Surcharge and Related Matters) (Amendment) Rules, 2024, a procedure has been prepared for the implementation of LPSC Rules 2022 and its amendment after stakeholder consultation and is enclosed herewith as Annexure.

During the stakeholder consultation meeting held at CEA on 30th May 2024, based on the requests received, it was decided that a mock run for a period of 3 months shall be carried out to implement Section F of this procedure. Any implementation difficulties during this mock run period shall be considered and the procedure may be reviewed if necessary.

Accordingly, this procedure (except Section F) shall be effective from 03rd June 2024. The Section F of this procedure shall be effective from 01st September 2024. During the period 3rd June 2024 to 31st August 2024, mock implementation of Section F shall be done by all concerned entities.

This procedure is also available on Grid-India website at: <https://posoco.in/en/market/payment-security-mechanism/>.

धन्यवाद,

भवदीय

(S C Saxena)

Executive Director, NLDC

प्रतिलिपि:

- 1) Chairperson, CEA
- 2) Member (E&C) / Member (GO), CEA
- 3) Chief Engineer, (R&R), MOP
- 4) Secretary, CERC
- 5) CMD, Grid-India
- 6) Member Secretary, NRPC / WRPC / SRPC / ERPC / NERPC
- 7) Director (SO), Grid-India
- 8) Head of RLDCs- NRLDC / WRLDC / SRLDC / ERLDC / NERLDC
- 9) Heads of all SLDCs- through concerned RLDC

**Procedure for
Implementation of
Electricity (Late Payment Surcharge and related matters)
Rules 2022 and amendment thereof**

**in
compliance
of**

**Ministry of Power, Government of India
Electricity (Late Payment Surcharge and related matters)
Rules 2022, and amendment thereof**



**Grid Controller of India Limited
National Load Despatch Centre**

June 2024

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1. **Outline and Scope:**

- a) Ministry of Power has notified Electricity (Late Payment Surcharge and related matters) Rules 2022 on 3rd June 2022 and 1st Amendment on 28th February 2024. As per Clause 7(e) and 9(6) of the Rule, a detailed procedure is to be formulated by National Load Despatch Centre, to implement regulation of access to the defaulting entities and sale of un-requisitioned surplus power in the Power Market.
- b) All the interstate and intrastate generating stations (except State owned generating stations), Electricity Trading Licensees, Interstate Transmission Licensees, Distribution Licensee or other user of Transmission system shall be covered under this procedure.
- c) The Payment Security Mechanism (PSM) may be implemented for the State owned Generating Stations as decided by the respective State Governments.

2. **Section A: General- Applicable for both intra-state and inter-state generators**

- a) Payment Security Mechanism (PSM) means Letter of Credit (LC) or Letter of Credit backed by Escrow account as per the agreement.
Provided that advance payment shall constitute payment security if there are no outstanding dues.
Provided further that the payment security may be for a shorter duration or lower capacity in case of generating company if there are no outstanding dues.
- b) Power will be scheduled for despatch only after an intimation is given by the regulating entity to the appropriate Load Despatch Centre (LDC) that the Letter of Credit (LC) or Letter of Credit backed by Escrow Account as per the agreement for desired quantum of power with respect to the generating stations has been opened. The intimation shall be provided through the Payment Security Administration (PSA) portal (<https://psa.posoco.in>) on a day ahead basis for scheduling of power for the next day.
- c) In case of difficulty in opening of LC, Distribution Company may also pay in advance for the equivalent quantum of power to be scheduled from the generating station and inform the same to the respective generating station. In such a case also generating station shall intimate respective LDC through PSA portal to schedule the power to the Distribution

Company only if there are no outstanding dues. The quantum of power so scheduled shall be limited to the quantum for which the advance payment has been made.

- d) In case of non-maintenance of adequate PSM, the power supply from the generating station shall be regulated by the generating station to the concerned defaulting entity. During the period of the default, the defaulting entity shall continue to be liable for the payment of fixed charges or capacity charges as applicable under the agreement.
- e) The generating company, trading licensee, transmission licensee or distribution licensee or other user of transmission system shall inform the appropriate LDC as soon as PSM has been put in place. The power supply to the Distribution licensee or other user of transmission system, for which PSM has been put in place shall be restored (to the extent of regulated power not sold in the market) at the earliest but not later than one day.
- f) The Rule 6(3) of Late Payment Surcharge and Related Matters Rules 2022 states that *"The supply of power shall only be made if an adequate payment security mechanism is maintained or in the absence thereof, advance payment is made: Provided that in case the generating company supplies power without the Payment Security Mechanism or without advance payment, it shall lose the right to collect the late payment surcharge from the distribution licensee: Provided further that in case of non-payment of outstanding dues by the default trigger date, the obligation of the generating company to supply power shall be reduced to Seventy-five per cent of the contracted power to distribution licensee and balance Twenty-five per cent of contracted power may be sold by the generating company through the Power Exchanges. Provided also that if the distribution licensee does not establish Payment Security Mechanism or continues to default in payment of outstanding dues for a period of thirty days then the generating company shall be entitled to sell 100 per. cent of the contracted power through Power Exchanges."*

The action as stated above shall be taken by the concerned generating company with a written intimation to the procurer and the appropriate LDC, as the case may be. The generator shall enter the regulated quantum (in percentage of the contract quantum) in the PSA portal for the above case.

- g) Generators, Transmission Licensees, Trading Licensees and Distribution Licensees shall regularly update the billing and payment status (including EMI related details), as the case may be on the PRAAPTI portal. Defaulting entity is liable to be debarred from obtaining access for sale and purchase of electricity through Power Exchange(s) or through short-term contracts, in case outstanding dues is more than two and half months overdue from the date of presentation of monthly bill as per the status made available by PRAAPTI. Provided that the curtailment shall also be applicable on any existing access for sale and purchase of electricity through Power Exchange(s) or through short term contracts.
- h) Defaulting entity is liable to be debarred for obtaining access for sale and purchase of electricity through Power Exchange(s) or through short-term contracts, in case of default in the payment of instalments after the due date of the equated monthly instalment as per the status made available by PRAAPTI / PFCCL.
- i) Defaulting entity shall also be liable to be debarred from obtaining access for sale and purchase of electricity through Power Exchange(s) or through short-term contracts, in case a Distribution licensee has not rescheduled the arrear amount as per Rule 5(5) and until such amount is fully paid along with Late Payment Surcharge.
- j) If, even one month after the commencement of regulation or if the dues have remained unpaid for three and a half months, apart from the regulation of short-term contracts and power exchange in its entirety, including the applicable Late Payment Surcharge, access for sale and purchase of electricity from contracts other than short term contracts shall be regulated by Ten per cent.
- k) Reduction or withdrawal in access for sale and purchase of electricity from contracts other than short term contracts shall be in such a manner that the quantum of reduction in drawl or injection schedule increases progressively by ten percent for each month of default.
- l) On payment of outstanding dues, along with Late Payment Surcharge, the regulation of access for sale and purchase of electricity from all the contracts shall end and shall be restored (to the extent of regulated power not sold in the market) at the earliest, but not later than one day, excluding the day on which payment is made as per the 'Statement of Trigger' on PRAAPTI portal.

- m) The NLDC, RLDCs and/or SLDCs under exceptional circumstances for grid security requirements, may temporarily review the regulation of access under the LPSC Rules 2022 and it shall record the reasons for doing so, in writing.
- n) The generating station and the Distribution licensee or drawee entity shall adhere to the schedules and shall avoid deviations so as to ensure secure grid operation.
- o) During this period of non-scheduling of power supply, the generating station shall continue to provide scheduling related information as per the Grid Code every day on a day ahead basis.

3. Section B: Information exchange with Payment Security Mechanism portal

- a) All the generating stations both Inter-State and Intra-State, except State owned generating stations, shall provide the status of PSM or advance payment for purchase of electricity latest by 6 am or as per timelines aligned with Indian Electricity Grid Code in the Payment Security Mechanism (PSM) Portal of NLDC every day on a day ahead basis.
- b) Transmission Licensee and Trading Licensee shall inform NLDC about non-maintenance of PSM or default in payment of equated monthly instalment or default in payment of outstanding dues by the defaulting entity. A request for regulating power supply from identified generating station shall be submitted by the Transmission Licensee/Trading Licensee, 7 days in advance (from the date of commencement of proposed regulation).
- c) In case of non-maintenance of PSM, Generating Companies, Electricity Trading Licensees and Transmission Licensees shall regulate power supply to the defaulting entity in accordance with these rules. In this regard, the concerned generator shall provide the information to NLDC/RLDC/SLDC regarding following action taken by it.
 - i. Payment default issue (either non-availability of LC or advance payment) has been taken up with the appropriate LDCs for non-scheduling.
 - ii. Encashment of LC done, or LC encashment process initiated as per PPA by the generator.

or

LC has not been opened or advance payment has not been done by the procurer, provided if there are no outstanding dues.

- iii. Actions for third party sale have been initiated by the generator as per PPA, if any.
- d) The concerned intra-state and inter-state generator and electricity trading licensee shall be allowed to sell regulated power in the Power Market.

4. Section C: For Interstate generators

By 6.30 am RLDCs for interstate generating stations shall publish on the website, a list of defaulting entities of their respective region along with details of corresponding quantum of regulated power. On receipt of such information from PSA portal, RLDCs/SLDCs shall restrict the schedules of the concerned defaulting entity.

5. Section D: For Intrastate generators

- a) SLDCs shall validate the contracts entered by intra-State generators on PSA portal within 15 days of entry. Failing which these will be taken as valid contracts and intra state generators shall be monitored for PSM with a notification to respective SLDC in this regard.
- b) By 6.30 am, lists of defaulting entities shall be generated and it will be sent to respective SLDCs from the portal for non-scheduling by SLDCs, every day on a day ahead basis.

6. Section E: 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 or other user of transmission system and it sells the contracted power without taking consent from the distribution licensee or other user of transmission system, to any other party, except in case of power supply regulation under Section A of this procedure or as per provisions of IEGC, then the said generating company, on a complaint to this effect by the distribution licensee or other user of transmission system/procurer to the LDC concerned, shall be debarred from participating in Power Exchanges and on the Discovery of Efficient Electricity Pricing (DEEP) portal. It shall also be debarred from scheduling of any new short-term contracts for the said quantum from that generating station for a period of three months from the date on which the default has been taken cognizance by the concerned LDC. Accordingly, the following process for restriction of sale of power from the generating station shall be followed.

- i. All Information received up to 17:30 hours of a day (D) shall be processed on next day (D+1). If information is received from the procurer after 17:30 hours of a day (D), the same shall be consider as received on next day (D+1).
- ii. On receipt of the information as above in para (i), the concern RLDC shall examine the case by the next day (D+1) and inform the concerned Generator/Seller/ Trader seeking their response along with a copy to NLDC, procurer and concerned RLDC/SLDC (generator/seller control area)/ Trader.
- iii. The Generator/Seller/ Trader, as the case may shall respond to the queries of RLDC within 1 day (D+2) of receipt of such information with a copy to the procurer.
- iv. In case no response is received from the generator/seller/trader, the information received from the procurer shall be considered as final.
- v. Based on the information received, the concerned generator shall be debarred from participating in Power Exchanges, DEEP portal, and from scheduling of any new short-term contracts for the said quantum for a period of three months from the date on which the default has been taken cognizance (D+3) by the concerned LDC.
- vi. The period of debarment shall increase to six months in case of second default and it shall be one year for each successive default.
- vii. RLDC/SLDC shall maintain the details of debarred generator/seller under their respective jurisdiction.

7. Section F: Sale of power not requisitioned by a Distribution Licensee:

- a) This section shall be applicable for all types of generating resources, except energy limited resource such as Hydro Generating Station, Energy Storage System and renewable generators which are covered under must-run rules. The scheduling of hydro stations shall be made based on the instructions of SLDC/RLDC, as the case may be.
- b) Distribution licensees shall intimate its schedule for requisitioning power for each day from each generating company with which it has an agreement for purchase of power latest by two hours before the closing of the Power Exchange bidding window for Day Ahead Market.

- c) Generating companies shall offer the un-requisitioned surplus power, including the power available against the declared capacity of the unit under shut down (i.e., DC on bar and DC off bar), in the Power Exchange(s), subject to technical limitations such as ramping and start up capability, etc. as specified by the Central Commission.
- d) Generating companies shall offer such un-requisitioned surplus power to Day Ahead Market first and if power is not cleared or is partially cleared in Day Ahead Market, it shall be offered in other market segments including Real Time Market.
- e) Generating stations shall ensure that the bids for the power offered for sale does not exceed 120% of its energy charge as determined or adopted by the Appropriate Commission or calculated under the directions issued by Central Government under section 11 of the Electricity Act plus applicable transmission charges. Any change in the benchmark Energy Charge Rate (ECR) shall be applicable prospectively from the date of notification.
- f) In case it is found any generator has offered sale price, excluding transmission charges, if any more than 120% of energy charge for any time block(s), then the same quantum, whether cleared or uncleared in the market shall be considered as deemed not offered and the same shall not be eligible for fixed cost recovery by the generator.
- g) The generating stations shall provide energy charges for the concerned month to the concerned RPCs and SLDCs for interstate and intrastate generators respectively on a monthly basis latest by 1st day of the month for the transactions of previous month.
- h) RPCs shall provide the energy charges of the interstate generating station selling power under Section 62 and Section 63 of the Electricity Act, other than the stations participating in the Tertiary Reserve Ancillary Service (TRAS) shortfall segment, to NLDC by 2nd day of the month for the transactions of previous month. To begin with, the present rates as available shall be provided by RPCs to the NLDC for daily basis monitoring.
- i) NLDC and SLDCs shall compile the energy charges of all the interstate and intrastate generating station respectively, selling power under Section 62 and Section 63 of the Electricity Act and provide it to all Power Exchanges by 3rd day of the month for the transactions of previous month. To begin with, the present rates as available shall be provided to the Power Exchanges for daily basis monitoring.

- j) The Power Exchanges shall provide generator wise, block wise, market segment wise quantum offered for up to 120% and above 120% of energy charge separately as per Format A, on the exchange platform, by 4th day of the month for the transactions of previous month to NLDC and SLDCs for inter-state and intra-state generators respectively. A similar report shall also be provided on a daily basis also to NLDC and SLDCs.
- k) The Power Exchanges shall ensure preparation of the reports from the system without any manual intervention. Power Exchanges shall also ensure that confidentiality of the bids is maintained in the process.
- l) RLDCs shall provide the information for monitoring of sale of power by the generating stations, as per Format B, to the concerned RPCs by 6th day of the month, for the previous month.
- m) Any such un-requisitioned surplus power to the extent not offered in the power exchange(s) up to the declared capacity shall not be considered as available for the payment of fixed charges by the generator and the concerned RPC shall provide details regarding DC not eligible for fixed cost recovery, i.e., Monthly Non Offered Plant Availability Factor (NOPAFM), in the Regional Energy Account (REA) for the concerned month.
- n) The schedule (both UP and DOWN) quantum under Security Constraint Economic Despatch (SCED), Security Constraint Unit Commitment (SCUC) and Ancillary Service mechanisms shall be considered for calculation of available DC as per Rule 9.
- o) Computation of URS quantum not offered and non-recovery of fixed charges thereof as per LPS Rule 9 (1) shall be as below:

$$NOPAFM = 10000 * \sum_{i=1}^N \frac{NODC_i}{N \times IC * (100 - Aux_n - Aux_{en})} \%$$

Where,

NOPAFM= Monthly Non Offered Plant Availability Factor

NODC_i= Average Non Offered Quantum (in ex-bus MW), for the ith day of the month, as per LPS Rules/Procedure, including the offered quantum above 120% of energy charge of the respective generator and considering ramping constraint

N = Number of days during the month.

AUXn = Normative auxiliary energy consumption as a percentage of gross energy generation;
AUXen= Normative auxiliary energy consumption for emission control system as a percentage
of gross energy generation, wherever applicable

IC = Installed Capacity (in MW) of the generating station

Note:

- 1) The quantum offered above 120% of energy charge of the respective generator shall not be considered as available for the payment of fixed charges.
- 2) The ineligible fixed charges due to non-offered URS would be computed by the generator as below:
- 3) Ineligible fixed charges for the month = $(AFC / 12) \times (NOPAFM / NAPAF)$
AFC = Annual Fixed Cost; NAPAF= Normative Annual Plant Availability Factor
- 4) There will be no bifurcation with respect to peak and off peak capacity charges and it shall be settled on monthly basis and cumulative PAFM shall not have any bearing on this.
- 5) The URS quantum not offered, which is ineligible for recovery of fixed charge for the month shall be shown separately in the REA/SEA of the respective RPC/SLDC, as the case may be.
- 6) The generator shall not raise the quantum of ineligible fixed charges in the monthly bill to the beneficiaries.

8. Section G: Indemnifying Load Despatch Centres and Regional Power Committee

The National Load Despatch Centre or Regional Load Despatch Centre or State Load Despatch Centre or the Regional Power Committee, as the case may be shall be indemnified against any consequences or liability, including the cost of litigation that arise on account of action taken under these Rules by the Distribution Licensees, Generating companies, Transmission Licensees and Trading Licensees.

Format A: Data Submission by Power Exchange

Date	Time Block	Quantum offered for up to 120% of energy charge in IDAM (MW)	Quantum offered above 120% of energy charge in IDAM (MW)	Quantum offered for up to 120% of energy charge in RTM (MW)	Quantum offered above 120% of energy charge in RTM (MW)
	1				
	2				
	3				
	4				

	96				

RTM Computation												
Time Block	Date	Declared Capacity at Gate Closure (MW)	Schedule at Gate Closure (MW)	Un-Requisitioned Surplus at Gate Closure (MW)	Quantum to be offered in RTM considering ramp and RSD constraints (MW)	Quantum offered in RTM (MW)	URS power not offered in RTM (MW)	SCED, SCUC, TRAS schedule (MW)	Energy Cost (₹ per kWh)	URS offered above 120% of energy charge (MW)	Total non-offered quantum for ineligible fixed charge (MW)	Non offered quantum ineligible for fixed charge for the block (MW)
		K	L	M = K-L	N	O	P=N-O	Q	R	S	T=P+S	U= Maximum (I, T)
Source of information ----->		Scheduling Software of RLDC/SLDC	Scheduling Software of RLDC/SLDC	Scheduling Software of RLDC/SLDC	Scheduling Software of RLDC/SLDC	Power Exchange	Calculation (only positive values)	Scheduling Software of RLDC/SLDC	NLDC/SLDC	Power Exchange	Calculation	Calculation
1												
2												
3												
4												

96												