

**No.20/2/2019-IPDS
Government of India
Ministry of Power**

Shram Shakti Bhawan, Rafi Marg,
New Delhi, Dated: 31/01/2019

Office Memorandum

Subject: Constitution of Committee to look into the issue delayed payments by DISCOMS to GENCOs/PPs.

Delayed payments by DISCOMS to GENCOs/PPs has been engaging the attention of this Ministry for quite some time now. The current transactional structure of Power Sector Payments involves advance payments by GENCOs to the Coal Sector and payments by DISCOMS to GENCOs after Power dispatch and invoicing. This may have an effect on stressing the working capital cycle of GENCOs.

2. This Ministry has already issued an advisory to all States/ DISCOMS for progressively moving towards prepaid smart metering for all consumers in the next three years. In this regard, a view has emerged that the payments from DISCOMS to the GENCOs may also be moved towards a prepaid system.

3. In this connection, it has been decided to constitute a committee to deliberate on the following terms of reference:

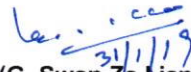
- a. To study the working capital cycles of DISCOMS and GENCOs with respect to Power procurements for all competitively bid and Regulated PPAs, and identify gaps, if any contributing to the GENCO stress;
- b. To study the frameworks of the rules and regulations in regard to payment mechanisms and transaction structures across the Power Sector value chain currently; and,
- c. To explore possibilities and suggest a mechanism for prepaid system of transactions from DISCOMS to Generators for power purchase within the framework of extant rules and regulations.

4. The members of the Committee would be:-

- a. Chairperson CEA – Chairperson of the Committee
- b. CMD MSEDCL - Member
- c. CMD TANGEDCO - Member
- d. Director,IPC, MoP-Member
- e. Representative of Association of Power Producers (APP) - Member
- f. Representative of Independent Power producers association of India (IPPAI) - Member

5. The Committee would submit its recommendations to this Ministry within one month of issue of this letter.

6. This issues with the approval of MoS(IC), Power.


(G. Swan Za Lian)

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To

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Copy to:-

1. PPS to Secy., (P)/ PPS to AS(SNS), Ministry of Power
2. PPS to JS(Dist.), Ministry of Power
3. PS to Director (Distribution), Ministry of Power
4. GM, APDRP Cell, Ministry of Power