

Explanatory Note

The Commission received various requests/suggestions/clarifications from the stakeholders, Nodal Agency, licensees to devise the guidelines for verification of Captive Generating Plant Status in time bound manner. The Commission has been receiving the representation particularly in the matter that the existing amount of Bank Guarantee / Letter of Credit / Fixed Deposit for 1 year of cross subsidy surcharge and additional surcharge is creating the hardship to the Open Access consumer. Further, the delay in determining the captive status by the verifying authority is also leading to submission of additional payment security mechanism for further period.

The Commission has examined the matter and also studied the provisions followed by other Electricity Regulatory Commissions in this regard. In order to balance out the issue of payment security mechanism for cross subsidy surcharge and additional surcharge has proposed the following premise in the procedure:

1. No payment security mechanism shall be taken for cross subsidy surcharge and additional surcharge for captive use.
2. In case if the applicant fails to consumer 51% of the electricity cumulatively upto that month, the distribution licensee shall raise the bill for cross subsidy surcharge and additional surcharge.
3. If at the end of the financial year, it is established that the Open Access consumer is not a captive user, the bill for cross subsidy surcharge shall be recovered along with the late payment surcharge.