



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. SM - 33 / 23 - 24**

IN REGARD TO SUO-MOTU ORDER OF THE
COMMISSION REGARDING RATE OF THE
APPLICABLE DELAYED PAYMENT SURCHARGE
ARISING FROM NON – PAYMENT OF ELECTRICITY
CHARGES

**PRESENT:
SRI MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 04.05.2023



Suo-Motu order of the Commission regarding rate of delayed payment surcharge arising from non-payment of electricity charges



FACTS IN BRIEF:

- 1.0 The Commission has specified the rates of delayed payment surcharge arising from non-payment of electricity charges as also other charges by a consumer within the date fixed, under regulations 4.14.1 and 4.14.2 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (Tariff Regulations). Applicable rates for delayed payment surcharge for L&MV agriculture consumers are specified in regulation 4.14.2 and rates for all other consumers are specified in regulation 4.14.1. At the same time, in terms of regulation 4.14.3 of the Tariff Regulations, the Commission may change the rates from time to time, if required, through any tariff order or any separate order.
- 2.0 In view of the above, the Commission decides to review the applicable rates of delayed payment surcharge considering the existing rates in the Tariff Regulation vis-a-vis the approaches taken by different Electricity Regulatory Commission across the country besides approach adopted in Electricity (LPSC), Rules, 2022 .

OBSERVATIONS OF THE COMMISSION:

- 3.1 The relevant regulations governing delayed payment surcharge for consumers are reproduced below:

"4.14.1 The rates of the applicable delayed payment surcharge arising from non-payment of electricity charges as also other charges by a consumer, except the L&MV agriculture consumers, shall be 1% per month of delay or pro-rated for part thereof upto 3 months of delay, 1.50% per month of delay or pro-rated for part thereof for any period beyond 3 months of delay but upto the next 3 months and 2.00% per month of delay or pro-rated for part thereof beyond first 6 months of delay. Delay in payment shall be counted from the due date for payment upto the date preceding the date of payment.

4.14.2 The rates of the applicable delayed payment surcharge arising from non-payment of electricity charges as also other charges for the L&MV agriculture consumers shall be as in the following table:

Sl No.	Period of non-payment	LPSC Rate
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1	Up to 3 months	Nil
2	From 91 days to 180 days	1% per month or prorated for part thereof
3	From 181 days to 365 days	1.25% per month or prorated for part thereof
4	Above 365 days	1.5% per month or prorated for part thereof

- 3.2 Most State Electricity Regulatory Commission (SERCs) have been following a marginal annualized rate ranging from 12% to 18%. Further, the rate specified by CERC for amount billed by Transmission Licensees and Generators also comes to 18% per annum and the rate as per Electricity (Late Payment Surcharge) Rules, 2022 (in short 'LPSC Rules, 2022') is 16.50% considering the present level of SBI MCLR. Accordingly, the marginal annualized rate of 24% (2% per month) WBERC as existing now, needs to be suitably aligned following a revised structure.
- 3.3 Majority of SERCs as well as CERC have not linked the rate for late / delayed payment surcharge with lending rates of bank. However, the LPSC Rules 2022 issued subsequently has linked the late payment surcharge rates to lending rates of Banks (MCLR of State Bank of India as on 1st April) plus five percent for first month, then further increase of 0.5% for each month of additional delay). A LPSC rate when linked to lending rates runs in sync with the dynamic environment. It is also therefore required to revisit the rates in sync with such changing environment.
- 3.4 The rates either remain fixed for the entire delay period or escalated gradually upto a limit over a time interval. However, a fixed rate structure will be easier for monitoring & implementation.

ORDER:

- 4.0 In view of the above, the Commission taking into cognizance the present market linked rates and rates specified by different SERCs and CERC and in accordance to regulation 4.14.3 of the Tariff Regulation, directs that the rate of applicable delayed payment surcharge arising from non-payment of electricity charges as also other charges by a consumer other than L&MV agriculture consumers shall be 1.25% per month beyond the due date. For L&MV



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agriculture consumers such rate will be nil for the first 3 months of delay and thereafter shall be 1% per month.

- 5.0 All utilities under the purview of this Commission are to take a note of this order. The above-mentioned rates shall be applicable on and from the date of issuance of this order. This rate shall continue until further order of the Commission.
- 6.0 A copy of the order shall be posted in the website of the Commission. All utilities shall download the copy of the order from the website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

Sd/-
(PULAK KUMAR TEWARI)
MEMBER

Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON

DATED: 04.05.2023

Sd/-
SECRETARY