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**VIEWS & SUGGESTIONS TO HON'BLE CERC ON TARIFF 2<sup>ND</sup>  
AMENDMENT REGULATIONS, 2020**

# Late payment surcharge

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36 “(2) The charges payable by a beneficiary or long term customer shall be first adjusted towards late payment surcharge on the outstanding charges and thereafter, towards monthly charges levied by the generating company or the transmission licensee, as the case may be, starting from the longest overdue bill.”

# Late payment surcharge

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- Issues:-
  - LPSC rate of 18% pa (1.5% per month) is considerably higher than the actual interest rate borne by the generating/transmission company which hovers around 10% to 12% pa
  - Adjustment of charges first against LPSC goes into the realm of *inter partes* contractual terms
  - Tariff is statutory in nature
  - Other terms of contracts such as LPSC is not statutory in nature
  - Jurisdiction limited to tariff not *inter partes* contractual terms

# Mine Closure Expenses:

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36K. Mine Closure Expenses: (1) Where the mine closure is undertaken by the generating company, the amount deposited in the Escrow account as per the Mining Plan, after adjusting interest earned, if any, in the Escrow account shall be admitted as Mine Closure Expenses:

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# Mine Closure Expenses:

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- Issues:
  - CERC to mandate third party audit of Mine Closure Expenses
  - CERC to share historical data pertaining to mine closure expense which may be used to define a normative value. This would bring in transparency for Discoms which don't have significant mining experience.

