

File No- CEA-EC-11-47/1/2024-FCA Division / 659

भारत सरकार
विद्युत मंत्रालय
केन्द्रीय विद्युत प्राधिकरण
वित्तीय एवं वाणिज्यिक मूल्यांकन प्रभाग

Sewa Bhawan, New Delhi-66
दिनांक: 28.05.2024

विषय: वितरण लाइसेंसधारियों द्वारा किए गए सभी विवेकपूर्ण लागतों के पूर्ण और स्वचालित पास-थ्रू पर सिफारिशें करने के लिए विद्युत मंत्रालय द्वारा गठित समिति-अतिरिक्त विवेकपूर्ण मानदंड /Committee constituted by Ministry of Power to make recommendations on full and automatic pass-through of all prudent costs incurred by distribution licensees- Additional Prudential Norms(APN)

Ref:

- 1) Ministry of Power order vide No-23/10/2023-R&R dated 29.12.2023
- 2) Meeting of the committee on 11.01.2024, 02.02.2024 & 01.03.2024, 25.04.2024

The undersigned is directed to say that Ministry of Power vide order dated 29th December 2023 had constituted a committee under Chairperson, CEA to make recommendations on full and automatic pass-through of all prudent costs incurred by distribution licensees. The following were the brief ToR of the Committee:

- i. Operation and maintenance norms for distribution licensees including Employee expenses, Administrative expenses and repair and maintenance expenses
 - ii. Automatic power purchase pass through formula/mechanism covering all prudent power purchase costs including under Section 62, Section 63, power exchanges, and part load operations which enable absorption of variable renewable energy.
 - iii. Additional Prudential Norms for sustainable level of borrowing by distribution licensee based on available funds and cash flows
2. Based on the meetings of the Committee held on 11.01.2024, 02.02.2024 & 01.03.2024, the draft amendment to Rule 14 on Automatic power purchase pass through formula/mechanism was prepared and shared with Ministry of Power for wider stakeholder consultations.
 3. In order to ensure financial sustainability of distribution licensees, MoP vide letter no-F.No.24-3/3/2019-PFC(MoP -Part (2) dated 09.11.2022 had issued the revised Additional Prudential Norms (APN) to be followed by REC and PFC for sanctions and disbursements of loans to State Power utilities.

4. A meeting was taken by Chairperson, CEA with representatives from PFC, REC and Ministry of Power on 27.03.2024 to understand the issues with the APN,2022 for sustainable level of borrowing by distribution licensee. A draft revised framework was prepared and shared with the Committee, followed by a meeting of the Committee on 25.04.2024.

5. Based on the discussions in the meetings, the following is recommended:

5.1 APN norms have been modified keeping in view the twin objectives of sustainable level of borrowing by DISCOMs and finance requirement of DISCOMs to meet their CAPEX requirement. Revised APN along with rationale for changes are enclosed (changes with respect to current provision highlighted in red color).

5.2 Since 2012, Integrated Rating Exercise has been executed annually under the aegis of Ministry of Power (MoP) with the aim of evaluating performance of power distribution utilities. MoP has tasked Power Finance Corporation (PFC) to co-ordinate the rating exercise. Latest (12th) Integrated Rating Exercise was released in March 2024 and covers the performance of utilities in 2022-23. Three main parameters for the rating exercise include Financial Sustainability (75 percent weightage), Performance Excellence (13 percent weightage), and External Environment (12 percent weightage). Those which get more than 85 marks out of 100 get A+ grade and those which get 65-85 out of 100, get A grade. Since financial sustainability has already been captured in the integrated rating exercise, it is suggested that those DISCOMS, which got A+ and A rating, may not have to gone through evaluation as per APN and they may be made eligible for loan based on their performance in the integrated rating exercise. This will enable ease of doing business and deduplication of efforts by lenders while processing the loans for good performing DISCOMs. For rest of DISCOMs, the lenders (REC and PFC) have to evaluate their performance as per APN before sanctioning loan.

6. This issues with the approval of Chairperson, CEA.

Encl.: As above.

Chander Prakash
28/05/24

(Chander Prakash)

Assistant Director

To:

Chief Engineer (R&R), Ministry of Power, New Delhi

Copy to:

1. Joint Secretary (Distribution and Reform Utility), Ministry of Power, New Delhi
2. All Members of the Committee

Revised Additional Prudential Norms 2022 2024

(suggested changes highlighted in red colour)

Applicability: Additional Prudential Norms specified below shall be followed by REC and PFC, while disbursing loans to a distribution licensee (except those which got A+ or A rating in the latest available integrated rating exercise carried out by Ministry of Power), State GENCOs and State TRANSCO.

Rationale:

Since 2012, Integrated Rating Exercise has been executed annually under the aegis of Ministry of Power (MoP) with the aim of evaluating performance of power distribution utilities. MoP has tasked Power Finance Corporation (PFC) to co-ordinate the rating exercise. Latest (12th) Integrated Rating Exercise was released in March 2024 and covers the performance of utilities in 2022-23. Three main parameters for the rating exercise include Financial Sustainability (75 percent weightage), Performance Excellence (13 percent weightage), and Performance Excellence (13 percent weightage). Those which get more than 85 marks out of 100 get A+ grade and those which get 65-80 get out of 100, get A grade. Similarly, B grade is for the range for 50-65, B-grade for 35-50, C grade for 15-35 and C- grade for 0-15. In the 12th Rating Exercise, out of 55 DISCOMs, 12 got A+, 4 got A, 7 got B, 13 got B-. Since financial sustainability has already been captured in the integrated rating exercise, it is suggested that those DISCOMs, which got A+ and A rating, may not have to go through evaluation as per APN and they may be made eligible for loan based on their performance in the integrated rating exercise along. This will enable ease of doing business and deduplication of efforts by lenders while processing the loans for good performing DISCOMs. For rest of DISCOMs, the lenders (REC and PFC) have to evaluate their performance as per APN before sanctioning loan.

1. Additional Prudential Norms (2022)

For DISCOMs- Revised (based on meeting on 25-04-2024)																				
1.	<p>DISCOMs would publish audited annual accounts by end of December of the following year during first two years (i.e. for FY 2021-22 and FY 2022-23) and thereafter audited annual accounts by end of September of the following year from 3rd year (FY2023-24) onwards.</p> <p><i>Lending agencies may consider lending to DISCOMs only if the following conditions are met with:</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><i>Loan Availing Period</i></th> <th style="text-align: center;"><i>Loan Availing Month</i></th> <th style="text-align: center;"><i>Availability of Audited Annual Accounts and Date of publishing</i></th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;"><i>FY2022-23</i></td> <td style="text-align: center;"><i>April 22 to December 22</i></td> <td style="text-align: center;"><i>FY 2020-21 published by end of Dec 21</i></td> </tr> <tr> <td style="text-align: center;"><i>January 23 to March 23</i></td> <td style="text-align: center;"><i>FY 2021-22 published by end of Dec 22</i></td> </tr> <tr> <td rowspan="2" style="text-align: center;"><i>FY2023-23</i></td> <td style="text-align: center;"><i>April 23 to December 23</i></td> <td style="text-align: center;"><i>FY 2021-22 published by end of Dec 22</i></td> </tr> <tr> <td style="text-align: center;"><i>January 24 to March 24</i></td> <td style="text-align: center;"><i>FY 2022-23 published by end of December 23</i></td> </tr> <tr> <td rowspan="2" style="text-align: center;"><i>FY2024-25 Onwards- FY(T)</i></td> <td style="text-align: center;"><i>April of FY(T) to September of FY(T)</i></td> <td style="text-align: center;"><i>FY (T-2) published by end of Sept of FY(T-1)</i></td> </tr> <tr> <td style="text-align: center;"><i>October of FY(T) to March of FY(T)</i></td> <td style="text-align: center;"><i>FY (T-1) published by end of Sept of FY(T)</i></td> </tr> </tbody> </table>		<i>Loan Availing Period</i>	<i>Loan Availing Month</i>	<i>Availability of Audited Annual Accounts and Date of publishing</i>	<i>FY2022-23</i>	<i>April 22 to December 22</i>	<i>FY 2020-21 published by end of Dec 21</i>	<i>January 23 to March 23</i>	<i>FY 2021-22 published by end of Dec 22</i>	<i>FY2023-23</i>	<i>April 23 to December 23</i>	<i>FY 2021-22 published by end of Dec 22</i>	<i>January 24 to March 24</i>	<i>FY 2022-23 published by end of December 23</i>	<i>FY2024-25 Onwards- FY(T)</i>	<i>April of FY(T) to September of FY(T)</i>	<i>FY (T-2) published by end of Sept of FY(T-1)</i>	<i>October of FY(T) to March of FY(T)</i>	<i>FY (T-1) published by end of Sept of FY(T)</i>
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2.	<p>For availing loans in FY(T), tariff petition for FY (T+1) should be filled by 30th November of FY(T) or earlier.</p> <p style="color: red;"><i>Provided that any extension in cut-off date for filing of tariff petition, beyond the control of distribution licensee and approved by Regulatory Commission, shall be considered as deemed cut-off date for filing of tariff petition.</i></p> <p><u>Rationale:</u></p> <p style="color: red;"><i>It has been observed that Regulators allow extension in time for filing of tariff petition based on valid submission by DISCOMs. For fixation of tariff for the year 2024-25, Regulators of Gujarat and Uttarakhand have granted time extension upto January 2024 and December 2023 respectively. Accordingly, the proposed amendment take care of such valid extension in filing of tariff petition.</i></p>																			

3.	<p>Tariff order for the current year in which the loan application is made and true-up of penultimate year has been issued and implemented w.e.f. 1st April of current FY.</p> <p><i>For availing loans in FY(T), DISCOM tariff order for FY(T) and True-up of FY (T-2) should be issued as on 1st April of FY(T). The tariff for FY(T) should be notified for its implementation w.e.f 1st April of FY(T).</i></p> <p><i>Provided that in case tariff determination cycle does not start on 1st April of FY(T), then tariff order should be notified before the start date for tariff cycle.</i></p> <p><u>Rationale:</u> <i>It has been observed that in State like Tamil Nadu, MYT tariff order applicable for 1st July 2023 onwards was issued on 30th June 2023. In order to take care of such issue, the amendment has been proposed.</i></p>										
4	<p>State Government should have ensured 100% payment of subsidy for the previous year and up to the one but last quarter immediately preceding the date of loan application in line with Section 65 of the EA 2003 provided that the subsidy shall be deposited in advance.</p> <p><i>E.g. Evaluation of subsidy be checked as under:-</i></p> <table border="1" data-bbox="824 821 1505 1077"> <thead> <tr> <th>Loan Sanction Period of FY(T)</th> <th>Subsidy to be paid upto</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>Q3 of FY(T-1)</td> </tr> <tr> <td>Q2</td> <td>Q4 of FY(T-1)</td> </tr> <tr> <td>Q3</td> <td>Q1 of FY(T)</td> </tr> <tr> <td>Q4</td> <td>Q2 of FY(T)</td> </tr> </tbody> </table> <p><i>Ministry of Power has issued a Standard Operating Procedures vide MOP letter F. No. 14/12/2022-UR&SI-II-Part (1)-(E-263842) dated 01.07.2022, which lays down the procedure for the calculation of subsidy payable and payment thereof. This shall be followed. The trajectory of payment of outstanding subsidy dues of previous year shall be as laid down under RDSS or as notified by this Ministry from time to time.</i></p>	Loan Sanction Period of FY(T)	Subsidy to be paid upto	Q1	Q3 of FY(T-1)	Q2	Q4 of FY(T-1)	Q3	Q1 of FY(T)	Q4	Q2 of FY(T)
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	<p><u>Rationale:</u></p> <p><i>If one distribution licensee applied for loan on 1st April 2024, as per present provision, the State Government has to pay subsidy upto 31st March 2023. However, it is practically impossible for State Government to make payment of subsidy upto 31st March 2023. As per SoP issued by MoP, subsidy statement has to reconciled and settled within 60 days from the end of quarter. Therefore, in order to take care of such issue, margin of one quarter is proposed in the draft amendment.</i></p>
5	<p>State Government to ensure 100% payment of legacy subsidy dues in terms of the liquidation plan trajectory approved under RDSS or as notified by this Ministry from time to time.</p> <p><i>Provided that for the purpose of sanction of loan application made in FY (T), it has to be ensured that 100% payment of legacy subsidy dues for FY(T-2) have been paid and 90% of payment of legacy subsidy dues for FY(T-1) have been made. However, loan amount will be released only upto 90% till payment of 100% of legacy subsidy dues for FY (T-1).</i></p> <p><i>Ministry of Power has issued a Standard Operating Procedures vide MOP letter F. No. 14/12/2022-UR&SI-II-Part (1)-(E-263842) dated 01.07.2022 for assessment of actual parameters of DISCOMs including Subsidy estimating and payment thereof. DISCOMs and lending agencies shall follow the process. The trajectory for payment of legacy subsidy dues has been prescribed by MoP under RDSS or as notified by this Ministry from time to time. This shall be followed for availing any grant under RDSS or loans from Gol or its institutions.</i></p> <p><u>Rationale</u></p> <p><i>Under RDSS, the release of Current Year Subsidy gets priority over payment of legacy subsidy dues. Accordingly, some States face difficulty in clearing 100% subsidy upto FY (T-1). Accordingly, the proposed amendment gives certain flexibility to distribution licensee in respect of legacy dues for FY(T-1) for becoming eligible for the loan. However, it has to be ensured that distribution licensee clears its legacy dues for FY(T-1) before 100% release of the loan.</i></p>

6.	<p>The working capital (excluding loan sanctioned under Atmanirbhar Liquidity Infusion Scheme and Late Payment Surcharge Rules) shall be restricted to 35% of total revenue as per latest audited accounts as mentioned in serial (1) above.</p> <p><u>Rationale:</u> <i>Distribution licensee were given loan under Atmanirbhar Liquidity Infusion Scheme and Late Payment Surcharge Rules to take care of COVID and GENCO dues and these are not typical working capital loans. In order to give clarity on type of loans covered under working capital, proposed amendment has been suggested.</i></p>
7.	<p>All Government Departments/ Attached Offices/ Local Bodies/ Autonomous Bodies/Boards/Corporations should have ensured 100% payment of Government dues for the previous year immediately preceding the date of loan application and 100% payment of legacy Government dues in terms of the liquidation plan trajectory approved under RDSS or as notified by this Ministry from time to time.</p> <p><i>Provided that for the purpose of sanction of loan application made in other than 1st quarter of FY(T), it has to be ensured that 100% payment of Government legacy dues as per approved scheme for FY(T-2) have been paid in full and 90% of payment of Government dues for FY(T-1) have been made. However, loan amount will be released only upto 90%, till payment of 100% of Government dues for FY (T-1).</i></p> <p><i>Provided further that for the purpose of sanction of loan application made in 1st quarter of FY(T), it has to be ensured that 100% payment of Government dues for FY(T-2) have been paid in full and 75% of payment of Government dues for FY(T-1) have been made. However, loan amount will be released only upto 90%, till payment of 100% of Government dues for FY (T-1).</i></p> <p>Ministry of Power has issued a Standard Operating Procedures vide MOP letter F.No. 14/12/2022-UR&SI-II-Part (1)-(E-263842) dated 01.07.2022 for assessment of actual parameters of DISCOMs including Government Dues payments. DISCOMs and lending agencies shall follow the process laid down in the SOP in respect of this item. DISCOMs and lending agencies shall follow the process and the annual trajectory of payments laid down under RDSS or as notified by this Ministry from time to time</p> <p><u>Rationale:</u> <i>It has observed that distribution licensee/States faces difficulty in payment of 100% government dues for FY(T-1) due to last minute adjustment/budget constraint. Accordingly, it is proposed to give some flexibility to distribution licensee,</i></p>

	<p><i>with a rider that 100% loan amount will be released after payment of 100% government dues for FY(T-1). In order to have a consolidated views on government dues both current and legacy, provisions at 7 and 8 have been merged.</i></p>
8.	<p>Attached offices/ Local Bodies/ Autonomous Bodies/ Boards/ Corporation should have ensured 100% payment of legacy Government dues in terms of the liquidation plan trajectory approved under RDSS or as notified by this Ministry from time to time.</p> <p>Provided that for the purpose of sanction of loan application made in FY(T), it has to be ensured that 100% payment of legacy Government dues for FY(T-2) have been paid in full and 90% of payment of legacy Government dues for FY(T-1) have been made. However, loan amount will be released only upto 90% till payment of 100% of legacy Government dues for FY (T-1).</p> <p>Provided further that for the purpose of sanction of loan application made in 1st quarter of FY(T), it has to be ensured that 100% payment of legacy Government dues for FY(T-2) have been paid in full and 75% of payment of legacy Government dues for FY(T-1) have been made. However, loan amount will be released only upto 90%, till payment of 100% of Government dues for FY (T-1).</p> <p><i>Ministry of Power has issued a Standard Operating Procedures vide MOP letter F. No. 14/12/2022-UR&SI-II Part (1)- (E-263842) dated 01.07.2022 for assessment of actual parameters of DISCOMs including Government Dues payments. DISCOMs and lending agencies shall follow the process and the annual trajectory of payments laid down under RDSS or as notified by this Ministry from time to time. Lending shall be carried out only if the legacy Government dues till the last year immediately preceding the loan application have been cleared as per the liquidation plan under RDSS or as notified by this Ministry from time to time.</i></p> <p>Rationale:</p> <p><i>In order to have a consolidated views on government dues both current and legacy, provisions at 7 and 8 have been merged.</i></p>
9.	<p>If a Discom is in loss, the Discom shall adhere to the trajectory for reduction of AT&C losses and ACS-ARR gap as per the plan laid down in RDSS or as notified by this Ministry from time to time</p> <p>Provided that, if the Discom does not meet the AT&C losses and ACS-ARR gap target as per the latest RDSS evaluation/IR report, but meets targets in the previous evaluation/IR Report, then variation of 10% in the AT&C losses target and 10 p in the ACS-ARR gap target be allowed.</p> <p>Rationale:</p>

	<ul style="list-style-type: none"> • <i>The objective of RDSS scheme is to achieve the Trajectory by the end of the scheme period. In case of compliances the achievement in subsequent year makes it eligible for Grant of past period. Moreover, in RDSS there is provision for counterpart funding as well interim funding in case of failure. In case of APN no alternate recourse is available for the entire year if a Discom fails in one of the parameter.</i> • <i>In the latest IR exercise for FY 2022-23, more than 22 Discoms are not complying to the RDSS trajectory in any one of the parameter (19 in ACS-ARR Gap; 11 in AT&C losses).</i> • <i>Therefore, it is proposed that instead of just one year the evaluation may be done based on the last Two year's achievement.</i> • <i>In ACS-ARR gap, the Discom which had a target of Zero or near zero, even an increase by 1 paise may lead to non-compliance.</i> <p><i>Accordingly, it is proposed a margin of 10% from the target and 10 Paise in ACS-ARR Gap may be considered for ascertaining the eligibility.</i></p>
10.	The Discom should not be a defaulter to any Banks/ FIs.
11.	<p>DISCOMs would publish quarterly un-audited accounts within 60 days of the end of each quarter during two years (i.e. for FY 2021-22 and FY 2022-23) and thereafter audited quarterly accounts within 45 days from 3rd year (FY2023-24) onwards.</p> <p><i>DISCOMs would publish quarterly limited review quarterly accounts within 60 days from the end of quarter.</i></p> <p><i>Lending agencies would confirm would confirm the availability of such reports on the website of DISCOMs/ Power Departments and would use these reports only for evaluation.</i></p> <p><u>Rationale:</u></p> <p><i>Based on decision Monitoring Committee of RDSS, distribution licensee has to publish limited quarter accounts within 60 days from the end of quarter. Accordingly, proposed amendment aligns this APN with the above decision of the Monitoring Committee.</i></p>

12.	<p>Progress commensurate to commitment in putting Government Offices on prepaid meters.</p> <p><i>Ministry of Power has issued a Standard Operating Procedures vide MOP letter F.NO.14/12/2022-UR&SI-II-Part (1)-(E-263842) dated 01.07.2022 for assessment of actual parameters of DISCOMs including putting Government Departments on Pre-Paid Meters. For evaluation of application, DISCOMs and lending agencies shall follow the process laid down in the SOP in respect of this item. The trajectory for putting the Govt. deptt on prepaid is laid down under RDSS. Lending shall be carried out only when the compliance is exactly in line with the SOP and the DISCOMs are on track with the implementation trajectory issued under RDSS or as notified agreed by this Ministry from time to time (PMC/RPM/MCM/Review Meetings), upto the last Quarter before the application is made. The quarterly target shall be one fourth of the annual trajectory.</i></p> <p><u>Rationale:</u> <i>The trajectory for putting the Government Department on prepaid is laid down under RDSS sanction letter. Subsequently, MoP in different meeting, have changed the trajectory. Accordingly, this amendment has been proposed.</i></p>
13.	<p>DISCOMs would have ensured complete compliance of the LPS Rule 2022 and subsequent amendments thereof; on the day loan application is made.</p> <p>DISCOM should always remain complied to the following condition of the LPS Rules 2022 as on the date of application of the loan:</p> <ol style="list-style-type: none"> a. The last EMI of legacy dues, if any, payable on the 5th of every month as per the LPS rules should have been fully paid for on the date of application of the loan. b. Payment of current dues in the given timelines (2.5 months from presentation of bill by the Genco) should have been made as on the date of application of the loan.
14.	<p>DISCOMs will have ensured that no new Regulatory Assets have been created in latest tariff determination cycle. <i>The DISCOM should not have created any new Regulatory Assets in the latest tariff determination cycle. In case of any prior period Regulatory Assets/uncovered revenue gap, DISCOM adheres to the liquidation plan issued under RDSS or as notified by the Ministry from time to time.</i></p> <p><u>Rationale:</u> <i>State Regulators (Haryana, Kerala and Chattisgarh) have prescribed that some uncovered revenue gaps may be recovered through improvements in efficiency. Accordingly, there will be no settlement of such uncovered revenue gap. Accordingly, the amendment has been proposed.</i></p>

15	<p>DISCOMs shall ensure compliance of Rule 14 of Electricity Rules notified by Ministry of Power, as amended from time to time, regarding Timely recovery of power purchase cost by distribution licensee, as adopted/notified by the concerned Regulator.</p> <p><u>Rationale:</u></p> <p>This new APN has been proposed to ensure recovery of power purchase cost by distribution licensee in timely manner, which in turn will help in financial sustainability of the distribution licensee.</p>
For GENCOs	
1.	<p>The state GENCOs shall qualify for any loans from GoI institutions only if their associated DISCOMs meet all the criteria laid down above.</p> <p>The state GENCOs shall qualify for any loans from GoI institutions only if undisputed Receivable dues against the billed amount during FY (T-1) is not more than 60 days.</p> <p><u>Rationale</u></p> <p><i>DISCOMs and GENCOs are different entities. Therefore, linking performance of DISCOMs with State GENCOs will severely constrains the resources of GENCOs, specially, when we are looking for capacity addition in the country. Accordingly, it has been proposed to delink the performance of DISCOMS, while giving loan to State GENCOs.</i></p>
2.	<p>The working capital shall be restricted to 50% 35% of last year's total revenue as per latest available audited accounts.</p> <p><i>To determine 35% of the working capital as a proportion of total revenue, working capital loans obtained by the GENCO for procurement of Imported Coal do not need to be taken into account.</i></p> <p><u>Rationale:</u></p> <p><i>The proposed amendment has been done to align the same with provision related working capital of distribution licensee</i></p>
3	<p>The state GENCOs shall comply with Rule 9 of Electricity (Late Payment Surcharge and Related matters) Rules 2022, as amended from time to time, regarding mandatory offering of un-requisitioned power from a generator in the Power Exchange</p> <p><u>Rationale:</u></p>

	The proposed amendment has been to ensure that capacity of State GENCOs does not remain stranded.
For TRANSCOs	
1	<p>The state TRANSCOs shall qualify for any loans from GoI institutions only if their associated DISCOMs meet all the criteria laid down above.</p> <p>The state TRANSCOs shall qualify for any loans from GoI institutions only if undisputed Receivable dues against the billed amount during FY (T-1) is not more than 60 days.</p> <p><u>Rationale:</u></p> <p><i>DISCOMs and TRANSCOs are different entities. Therefore, linking performance of DISCOMs with State GENCOs will severely constrains the resources of TRANSCOs. Accordingly, it has been proposed to delink the performance of DISCOMS, while giving loan to State TRANSCOs.</i></p>

2. The trajectories in respect of following items as issued by Ministry of Power from time to time shall be considered for evaluation against respective norms.

- i. Liquidation of legacy subsidy dues
- ii. Liquidation of legacy Government dues
- iii. Putting Government Department on prepaid meters
- iv. Liquidation of Regulatory Assets
- v. AT&C Loss reduction
- vi. ACS-ARR Gap reduction

3. The above-mentioned norms shall be evaluated periodically by the Lending agencies as per following:

Periodicity	Serial No. of Norm as per above details
Annual	5,6,7,8,9,10,14
Quarterly	4,12
As indicated in the Norms itself	1,2,3,11,13

For evaluation of APN at 4 and 5, information available in the latest RDSS Evaluation or latest annual report published by distribution licensee will be used.

4. These norms will be applicable for all new sanctions and disbursements against these loans (including any additional sanction) by lending agencies with effect from notification of these norms for Capex as well as non-Capex except for counter- part funding under RDSS. In case of non-adherence to these norms, the disbursement shall stop.
5. The eligibility of borrower(s) for new sanctions and disbursement against these norms shall be evaluated by the lending agencies from time to time (as indicated in para 3 above) as and when proposals for sanctions and disbursements are considered by them. In case a borrower is found ineligible while considering sanction or disbursement at any point of time due to non-compliance of any specific norms(s), the same borrower(s) would be considered eligible as soon as the specific norms(s) are fulfilled by them at a later stage irrespective of the stipulated timelines of the respective norms.
6. For any relaxation based on adequate justification, the proposal shall be submitted to the Ministry of Power for approval.

