

No. 23/22/2019-R&R
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 9th August, 2019

To

1. CMD, POSOCO /Heads of NLDC/RLDCs/SLDCs
2. Principal Secretary/Secretary (Power/Energy), State Governments/UTs
3. All Generating Companies
4. All Distribution Companies
5. Secretaries of All State Electricity Regulatory Commissions (SERCs)/JERCs.

Subject: Clarification on Order related to Opening and maintaining of adequate Letter of Credit (LC) as Payment Security Mechanism under Power Purchase Agreements by Distribution Licensees.

Sir,

I am directed to refer to the Ministry of Power's Order of even number dated 28th June 2019 regarding Opening and maintaining of adequate Letter of Credit (LC) as Payment Security Mechanism under Power Purchase Agreements by Distribution Licensees and its Corrigendum issued on 17th July 2019 and the subsequent clarification issued on 23rd July 2019.

2. It has been brought to the notice of this Ministry that some Discoms have opened the conditional Letter of Credit, which requires approval from concerned Discom for encashment etc.

3. It is hereby clarified that:

- a. Discoms are obliged to provide unconditional Letters of Credit for power purchases to be made from 01st August 2019 onwards.
- b. Load Despatch Centres shall get confirmation from the Discoms that required unconditional Letter of Credit has been opened for the power purchase.

4. Discoms have to also ensure that the amount of Letter(s) of Credit equals the power purchase requirement for the billing cycle.

5. This issues with the approval of Hon'ble MoS(I/C) for Power and NRE.

Yours faithfully,



(D. Chattopadhyay)
Under Secretary to the Govt. of India
Tel: 2373 0265

Copy to:

1. Secretary, MNRE, CGO Complex, New Delhi
2. Chairperson, CEA, Sewa Bhawan, RK Puram, New Delhi
3. Secretary, CERC/FOR, Chanderlok Building, Janpath, New Delhi

Copy also for information to:

1. All Joint Secretaries/ EA, Ministry of Power
2. PS to MOS(I/C) for Power & NRE
3. PPS to Secy.(P), PPS to SS(Power), PPS to AS(R), PS to CE(RR), PS to Dir(RR)