

Rajasthan Electricity Regulatory Commission, Jaipur

Petition No. RERC/ 2197/2024, 2199/2024, 2200/2024, 2203/2024,
2204/2024, 2210/2024, 2214/2024, 2215/2024, 2216/2024,
2251/2024, 2257/2024, 2258/2024, 2263/2024, 2266/2024,
2267/2024, 2268/2024, 2269/2024, 2295/2025, 2301/2025

Petition filed under Section 86(1) (f) of the Electricity Act, 2003 for Non-Payment of Principle and LPS amount.

Coram:

Dr. Rajesh Sharma	Chairman
Shri Hemant Kumar Jain,	Member

Petitioner: M/s Pawan Enterprises (2197/2024)
M/s Arora Textile (P) Limited (2199/2024, 2200/2024, 2257/2024, 2258/2024)
M/s MK Energy and investment Inc. (2203/2024, 2251/2024)
M/s Kundan care Products Limited (2204/2024)
M/s Realwax Industries (2210/2024, 2263/2024)
M/s Kukreja Builders Private Limited (2214/2024)
M/s Emerald Electronics Private Limited (2215/2024)
M/s Sun N Sand Hotels Private Limited (2216/2024)
M/s Giriraj Enterprises (2266/2024, 2067/2024, 2268/2024)
M/s D j Malpani (2269/2024)
M/s G L construction (2295/2025)
M/s Radhey Rama Landmak Private limited (2301/2025)

Respondents: 1. Rajasthan Urja Vikas Nigam Ltd
2. Jaipur Vidhyut Vitran Nigam Ltd.
3. Jodhpur Vidhyut Vitran Nigam Ltd
4. Ajmer Vidhyut Vitran Nigam Ltd

Date of hearing: 13.02.2024, 21.03.2024, 03.04.2024, 28.05.2024, 19.09.2024,
08.10.2024, 17.10.2024, 22.10.2024, 07.11.2024, 12.11.2024,

21.11.2024, 07.01.2025, 06.03.2025, 08.05.2025, 26.08.2025,
16.10.2025

- Present : 1. Sh. Gaurav Kumawat, Advocate for Petitioners.
2. Sh. V. N Bohra, Advocate for Petitioners (2214/2024, 2215/2024,
2216/2024)
3. Sh. Aditya Gupta, Advocate for petitioner (2301/2025)
4. Sh. Ishan Kumawat, Advocate for the Respondents (2197/2024,
2199/2024, 2200/2024, 2203/2024, 2204/2024, 2210/2024,
2214/2024, 2215/2024, 2216/2024)
5. Sh. Jay Vardhan Joshi, Advocate for the Respondents
(2251/2024, 2257/2024, 2258/2024, 2263/2024, 2266/2024,
2267/2024, 2268/2024, 2269/2024)
6. Ms. Pratyushi Mehta, Advocate for the Respondents
(2295/2025, 2301/2025)

Order Date:

25.11.2025

Order

1. The Petitioners referred to in the cause title are generating companies which have filed petitions for adjudication of dispute under section 86(1) (f) of the Electricity Act, 2003 regarding non-payment of principal amount and LPS by the Discoms.
2. Rajasthan Urja Vikas Nigam Limited (hereinafter also referred as "RUVNL" or "Respondent No. 1") is a company formed by the State of Rajasthan and is an authorized representative of Rajasthan DISCOMS (Distribution Licensees), to carry out Power trading activities.
3. Jaipur Vidyut Vitran Nigam Ltd. (hereinafter also referred as "JVVNL" or "Respondent No. 2") is a company for carrying on the business of distribution and supply of electricity in the area of supply mentioned in its license and having its registered office at 1st Floor, Vidhyut Bhawan, Janpath, Jyoti Nagar,

Jaipur.

4. Jodhpur Vidyut Vitran Nigam Ltd (hereinafter also referred as "JdVVNL" or Respondent No. 3) is a company carrying on the business of distribution and supply of electricity in the area of supply mentioned in its license and having its registered office at New Power House, Basni industrial area, Jodhpur.
5. Ajmer Vidyut Vitran Nigam Ltd (hereinafter also referred as "AVVNL" or "Respondent No. 4") is a company for carrying on the business of distribution and supply of electricity in the area of supply mentioned in its license and having its registered office at Hathi Bhata Power Office, Jaipur Road, Ajmer.
6. Since the issue arising in all the Petitions referred to in the cause title is similar, they are clubbed together and are being disposed of by this common order. However, at certain places, Petition No. 2197/2024 has been treated as the lead petition for the sake of arguments of the petitioner(s).
7. **Petitioners in their petitions and during hearing(s) mainly made following submissions:**
 - 7.1 The petitioners have entered into Power Purchase Agreements (PPAs) with the respective Discoms and are supplying electricity as per the terms of their respective PPAs.
 - 7.2 The petitioners submitted that the relevant Article 3 and article 5 of the PPAs are quoted as under for ready reference of the Commission:

"3. Term of Agreement

Term of the Agreement shall be twenty (20) years from the date of commercial operation (COD) of the power plant. The Power Plant will be commissioned by the month of January, 2010 unless extended by RREC/State Gout."

"5 Power Purchase Price

- i. *The price to be paid by the Discom, net of all GoR and local taxes and duties as may be leviable on generation and/or sale of electricity for all electricity made available and sold by the Power Producer to Discom shall be based on the tariff specified by RERC as per attached annexure B.*

- ii. *The Power Purchase Agreement shall be subject to RERC scrutiny/approval as may be required under regulatory process/directions."*

7.3 The petitioners further submitted that with the enactment of the Electricity Act, 2003, and under section 86 (1) (b) of the said act, the tariff of generators is determined by the Commission, where the discoms are purchasing electricity from them.

7.4 The petitioners also submitted that the invoices of electricity supplied/injected to the respondent(s)-Discom(s) have been submitted to the respondents, as per the prescribed meter and billing procedure, within time but the timely payment of the invoices have not been made by the respondent(s)-Discom(s), which is causing huge problem to the petitioners. The relevant Article 7 of the PPA pertaining to JdVVNL is quoted as under for ready reference, similar provisions are there in other PPAs pertaining to JVVNL or AVVNL:-

".....

- i. *The energy delivered at common evacuation/injection system by individual Power Producer in case of Developer's dedicated EHV GSS shall be the basis of billing for energy delivered.*
- ii. *In case of injection directly into Distribution System, the metering point as specified at clause 4.2(lit) shall be the basis for billing of energy delivered by the Power Producer.*
- iii. *The Billing will be on monthly basis. The Discom will be billed by the Power Producer based on joint meter reading promptly at the beginning of next month. Payment will be due on the fourth working day following the delivery of the billing invoice.*

7.2 Payment Procedure

- i. *Monthly invoice showing the quantity of electricity delivered at Delivery point and price payable shall be submitted by the Power Producer to the designated officer of concerned Discom.*
- ii. *The Jodhpur Discom shall make the payment of the amounts due, calculated at the purchase price for that particular month within a period of 30 days without any interest. Jodhpur Discom will arrange payment of bill through a Bank in Jaipur or elsewhere in Rajasthan. The Power Producer may designate by notice the details of the Account to Jodhpur Discom. Late payments beyond a period of 30 days shall carry, for the period of delay, interest at the prevailing Prime Lending Rate (PLR) of State Bank of India.*

- iii. *All payments for energy supplied under this Agreement as per the joint meter reading shall be free of any restriction or condition and without deduction or withholding on account of any other amount, whether by way of set-off or otherwise, but the making of such payments shall be without prejudice to other rights. “*

7.5 The petitioners further submitted that as per the terms and conditions of the PPA and the tariff determined by the Commission, the Petitioners have been raising the invoices since the date of commissioning. Further, the Commission vide order dated 11.09.2023 directed the respondents to make the payment of the Principle and LPS amount. Despite order dated 11.09.2023, the Respondents has not made the payment of the complete LPS to the petitioners. Thus, the action of the respondents for non-payment of the balance LPS amount is clearly in violation of the order dated 11.09.2023.

7.6 The petitioners further submitted that their counsel have sent a notice to the Respondent Discoms to make the payment of power sold to it along with interest. But despite receipt of notice for demand of justice the respondent-Discom(s) have neither made any payment of the invoices nor the payment of interest for the past delays.

7.7 The petitioners also submitted that the conduct of the respondent-Discom has caused severe prejudice to the business interests and affairs of the Petitioners. Pertinently, the only return on investment that the Petitioners enjoy from their power projects are in terms of the payments received from the Respondent-Discoms for the energy delivered/injected to the grid. In the absence of payments, the way of operation of the power project is under threat. The commercial operation of the power project in such circumstances cannot be sustained by the Petitioners. However, the Respondent-Discom has completely failed to appreciate the precarious position of the Petitioner.

7.8 The petitioners submitted that despite the above, the Respondent-Discom has failed to comply with and discharge its primary obligation of realizing payments in favour of the Petitioners for the energy duly supplied/injected from the power project of the Petitioners. It is further submitted that the invoices/bills had been

raised in terms of the provisions stipulated in the PPA. Further, at no point in time, has the Respondent-Discom raised any issue or dispute with regard to the bills raised by the Petitioner. In fact there was no occasion for the Respondent-Discom to raise any issue or dispute in this regard as the bills had outstanding dues including DPS, as claimed by the Petitioner. The Petitioner is highlighting the above as even though the bills are duly admitted and without doubt conclusive and binding on the Respondent-Discom, nevertheless, payments have not been released in gross violation of the terms and conditions stipulated in the generic wind tariff order and the PPA.

7.9 The petitioners submitted that moreover, the Respondent-Discom cannot in any event be permitted to raise any issue at this belated stage as the principle of estoppel applies against them. Furthermore, even the PPA categorically stipulates that the bills shall be treated as conclusive and binding. In the circumstances, the payment for supply of energy cannot be withheld by the Respondent-Discom for any reason whatsoever. Further, the conduct of the Respondent-Discom in not making timely payments of all outstanding dues including DPS is in complete violation of the specific terms of the PPA and the Commission ought to pass suitable directions against the Respondent-Discom to enforce compliance of the PPA.

7.10 The petitioners submitted that the prejudice caused is apparent as even though the Respondent-Discom continues to receive wind power from the wind power projects of the Petitioner and based thereon allocates the required quantity to the Respondent-Discom and other distribution licensees operating in the state of Rajasthan so that the DISCOMS in-turn are able to comply with and meet their respect renewable energy purchase obligation as stipulated, nevertheless, payments for such supply of renewable wind energy, are not being made to the Petitioner.

7.11 The petitioners further submitted that there is no warrant for the Respondents to withhold payments as claimed by the Petitioner, as these are admittedly due and outstanding for long. Moreover, the conduct of the Respondent-Discom

amounts to unjust enrichment as it is admittedly recovering monies from the consumers as part of its retail supply tariff. In the circumstances, non-payment of outstanding dues including LPS which have accrued in favour of the Petitioner for wind energy duly supplied/injected and billed in terms of the metering and energy accounting provisions stipulated in the PPA is grossly unjust, illegal and without any basis.

7.12 The petitioners also submitted that the Respondent-Discom is taking unfair advantage of its position and intentionally not releasing admitted dues so as to forcefully make the Petitioner, which is in urgent need of cash inflow, to agree to the arbitrary and onerous terms. The PPA categorically stipulate that the Respondent-Discom is required to pay LPS on late/delayed payments beyond the due date i.e., on the expiry of 1.5 months from the bill submission date. Despite such clear and unequivocal provisions, the Respondent-Discom have not released admitted dues and instead has resorted to exercise undue pressure and influence on the Petitioner.

7.13 The petitioners submitted that the respondent-Discom cannot expect the Petitioner to perform its obligations under the PPA without paying the corresponding bills for receiving such supply of power. The Petitioner's wind power project has been commissioned on commercial principles and the Commission has fixed the generic tariff for such projects and also stipulated payment mechanism to give assurance to the Developer/Petitioner about cash inflow for the energy which it delivers for the grid. The Respondent-Discom is under an obligation to make 100% payment of all bills in a timely manner. However, this has not been done in the facts and circumstances of the instant petitions. The very objective to secure the interests of Developer/Petitioners by providing assurance of timely payments has been set at naught by the Respondent-Discom.

7.14 The petitioners also submitted that the Commission should further direct the Respondent-Discom to make prompt payment within the timelines stipulated in the PPAs for all future bills. Further, when the Power Purchase Agreements

(PPAs) between the distribution licensees and generating companies are in conformity with the RERC regulations, it is necessary in the facts and circumstances of the case and appropriate that the Commission may adjudicate the issue as raised in this petition by the petitioner U/s 86 (1)(f) of Electricity Act, 2003.

- 7.15 The petitioners submitted that they have raised the same issue in their earlier petition and the respondent-Discom even after the order passed in that case of identical petition bearing no. 425/2013 titled as M/s Hindustan Zinc Limited Vs. JVVNL & Ors., have not made the payment and compelled the petitioner to file the present petition and in such facts and circumstances the petition filed by the petitioner also deserves to be allowed in the light of the order passed in the case of Hindustan Zinc Limited (supra) with heavy cost.
- 7.16 The petitioners also submitted that not only in the case of Hindustan Zinc Limited (supra), the Commission also passed order directing the Discoms for making the payment of principal invoices and LPS in the case of Varroc Engineering Pvt. Ltd. Vs. Ajmer Discom. Despite number of such orders by the Commission, the Discom is not inclined to settle the dispute and pay the amount of principal invoices along with interest. The relevant para of the order passed in the case of Varroc Engineering Pvt. Ltd. (supra) is quoted as under for ready reference of the Commission:

"From the foregoing discussions, we direct the Respondent to make payment of the pending invoices and as calculate interest due, on account of delayed payment in terms of the PPA within (4) weeks from today and make payment of invoices for which payment has not been made along with interest within."

- 7.17 The Petitioners further submitted that the Commission recently in the case of KRBL Ltd. Vs. Ajmer Discom has observed as under

"14. The Commission, before parting with these cases, desires to observe that of late too many litigations are being filed on the matter of LPS wherein there is no dispute on liability to pay. During the hearing, it was also brought to the notice of the Commission by the Advocates of the Petitioners that the generators are being forced by Discoms to file the petitions before the Commission to get their legitimate payment."

15. The Commission observes that it is not appropriate on the part of Discoms to drive every generator to file petitions for making payment of dues and LPS. When the Commission has given clear directions in the earlier cases to pay interest against the delayed payments as per the terms of PPA they should follow the said directions scrupulously in all similar cases so that multiplicity of litigations can be avoided. Discoms have signed the agreements consciously and are bound by the agreements, otherwise their credibility will get a dent. The statements made in the reply cannot be appreciated. Discom management must find a way to comply with the terms of the contract instead of pleading helplessness."

7.18 The petitioners submitted that despite the abovementioned observations of the Commission passed in the case of KRBL Limited Vs. AVVNL the respondents have no intention whatsoever to make the payment of the due amount and therefore the petitioners left with no remedy but to file the present petition.

7.19 Some of the petitioners also submitted that in addition to the payments which have been made belatedly, still there are substantial sums of money due under invoices raised, which are as yet outstanding. Also, as far as the payment which is ever released is also released without calculating the late payment surcharge (LPS) as agreed under the duly executed PPA. Further, some of the generators get the payment through RPDCC, Jaipur. The Petitioner used to raise the invoices on the Respondent, from time to time in accordance with the Contracts and Tariff Orders. However, for the past few years, the payment that have been received from the Discoms through RDPCC is being consistently delayed and all the times the payment for the LPS is not considered although it's binding terms of the Power Purchase Agreement.

7.20 Some of the Petitioners have also referenced the verdicts of the Hon'ble APTEL judgment passed in the matter of Chairman, TNEB & Anr. V/s Indian Power Association and ors. In Appeal No. 11 of 2012 dated 17.04.2012, which is as under:

"It is settled law, when a certain time limit has been prescribed within which payments have to be made, it would mean that any payments made after the said time period would be subject to payment of interest as indicated above.

In any power project, one of the Important aspects is the promptitude in payment since the delays would seriously affect the viability of the project. All these projects are substantially funded through finances obtained from various funding organizations require regular repayment of principal loan amount with

interest by the generators. Only if regular payment are made for the power generated and supplied the loans can be serviced long with the promised return of investment. Hence our conclusion is as follows: "The wind power generators are entitled for payment of interest on delayed payment made by the appellant for the purchase of the power from the generators". (emphasis supplied) Therefore all Wind Generators are entitled to interest on delayed payment @ 1% per month for every months delay from the due date. We are providing a 30 day time limit for payment and any delay beyond that will have to be made with interest @ 1% per month.

7.21 The Petitioners have also made a reliance on the judgment passed by the Commission dated 29.10.2015 of M/s RAHUL DRAVID BANGALORE V/S JVVNL LTD. & Ors., wherein the legal point of LPS is fairly settled with a direction to pay to the aggrieved Petitioners as per the term of PPA. Further, the Petitioner makes reliance on the judgment of the Commission in the matter of RERC/441/2014 in the matter of M/s. Navbharat Buildcon Pvt. Ltd. V/s. JVVNL dated 23/07/2014, wherein the Commission had passed the direction to the Respondent to pay interest due on account of the delayed payment of the Electricity charges in terms of the Power Purchase Agreement within a period of eight weeks and it has come to the knowledge of the Petitioner that now the Respondent have paid the same also after kind direction of the Commission.

7.22 The Petitioners also submitted that Hon'ble Supreme Court of India in the matter of (2014) 3 Supreme 141/(2014) 2 JLJR(SC) 248 T. N. Generation & Distribution Corp. Ltd. V/s PPN Power Gen. Co. Pvt. Ltd. has fairly settled that "It is also correctly held that the appellant cannot dictate that the State Commission ought to have referred the dispute to arbitration". Furthermore, the Petitioner made a reliance on the judgment of Hon'ble Rajasthan High Court in the matter of (2007) 3 RLW(Raj) 2491 Industrial Area Manufacturers Association V/s Jaipur VidyutVitran Nigam Ltd. wherein it is settled that

"All these disputes require expert determination and also, to some extent, examination of the correctness and wisdom of the tariff of electricity and terms and conditions (supra), which in view of clause (f) of Section 86 of the Electricity Act, 2003 and clause (20) of the Tariff of 2004, lies within the domain of RERC".

7.23 Petitioners also submitted that the Respondent has not only overlooked the

agreed terms of the PPA but also overlooked the past directions of the Commission, also passed wide certain orders from time to time. Further, the Commission on 14.06.2016 in the matter of KRBL Ltd and Ors. in Petition No. 598/16 and many more has categorically settled this issue that:

"the commission observes that it is not appropriate on the part of the Discom to drive every generator to file petition for making payment of dues and LPS" As such the respondent is duty bound to follow the direction of this Hon'ble Commission only."

Therefore, feeling in a remedy less situation, at last the Petitioner is compelled to invoke the kind jurisdiction of the Commission for redressal of grievance by filing this petition.

7.24 Some of the Petitioners also submitted that the issues of non-payment by the Respondent Discom under the PPA has already been decided by the Hon'ble Rajasthan High Court wherein in the similarly situated cases the Hon'ble High Court has directed the Respondents to forthwith release the 50% of the outstanding payments including the LPS. The Hon'ble Court in S.B. Civil Writ Petition No. 281/2018 titled as M/s Avon Cycles Limited vs. RERC & Ors. has passed the following orders:-

"4. It is universal knowledge that the government companies are engaged in the transmission and distribution of the electricity are faced with huge liabilities and are suffering enormous losses attributable both to the low tariff being charged to the public in public interest as also their own inefficiencies. Be as it may, this court cannot overlook the financial difficulties of the respondent-RUVNL as the said companies without doubt are engaged in public service. More so what is being sought by the respondent-RUVNL is nearly 1 year time to pay 50% of the due LPS to the petitioner-companies while the other 50% is being paid within one month from today. The on year delay in payment of 50% LPS will no doubt carry the further burden of interest.

5. Resultantly, these petitions are disposed of directing the respondent-RUVNL to pay 50% of the LPS due to the petitioner-companies within one month from today and the remainder 50% LPS duly computed in accordance with law within a period of 12 months thereafter."

Thus, it is evident that the Hon'ble High Court has explicitly directed the Respondents and other Discoms to forthwith release 50% of the outstanding LPS amount to the Power producer companies and the remaining amount be paid

within another one year period.

7.25 Further, petitioners have also submitted that the Commission in the matter of M/s Hindustan Zinc Ltd. vs. JVVNL & Ors., Petition No. 425/2013, directed that the Respondents are liable to pay the interest as provided in the PPA for the delayed period. The defense of the Respondent that the delay was on account of its financial difficulties which was beyond control of the Respondent cannot be countenanced and has to be rejected. That the Petitioner has raised the same issue in this petition and the Respondent-Discom to the utter disregard to the directions passed by the Commission in the case of Hindustan Zinc Limited (supra) have not made the payment and compelled the Petitioner to file the present petition. Considering the above facts and circumstances the petition filed by the Petitioner also deserves to be allowed in the light of the order passed in the case of Hindustan Zinc Limited (supra).

7.26 Petitioners also submitted that not only in the case of Hindustan Zinc Limited (supra), but also the Commission recently passed order directing the Discom for making the payment of principal invoice and LPS in the case of Varroc Engineering Pvt. Ltd. vs. Ajmer Discom, Petition no. 507/2015. Despite the no. of such order by the Commission, Discom is not inclined to settle the dispute and pay the amount of principal invoices along with LPS. The relevant paragraph of the order passed in the case of Varroc Engineering Pvt. Ltd. (supra) is quoted here as under for ready reference of this Hon'ble Commission.

"From the foregoing discussions, we direct the Respondent to make payment of the pending Invoices and as calculate interest due, on account of delayed payment in terms of the PPA within 4 weeks from today and make payment of invoices for which payment has not been made along with interest within a period of eight weeks from today:"

7.27 The Petitioners further submitted that the Commission in M/s Markdata Power & Energy Ltd. vs. JVVNL & Ors. in Petition no. 870/2016 decided that:-

"13. Duly following the above decision we hold that the Petitioners are entitled to LPS to the extent of in these cases also. Accordingly, we direct the Discoms to verify each of the claims made in all the petitions, subject to the claims being within limitation period in accordance with the law in terms of PPA and intimate

within one month to the Petitioners regarding amount payable and thereafter make the payment within three months."

7.28 The Petitioners also submitted that the Commission in M/s Sharma Industries vs. RUVNL & Ors. Petition no. 1083/2017 decided that:-

"14. It is observed that despite the Orders of this Commission Respondents have not made payment of LPS. The submissions made on behalf of Respondents that they are making efforts cannot be appreciated as in strict sense they are liable for violation of order of this Commission. It is needless to observe that the Respondents shall make serious efforts to discharge their liability. The right to receive electricity from Petitioners is coupled with the duty to make payments within stipulated time. The contract signed needs to be honored and Discoms cannot be allowed to violate the terms of the contract on the ground of financial crunch. 15. Accordingly, Commission directs Discoms to make payment due in accordance with law within maximum period of three months from the date of this order and file a compliance memo to this effect before the Commission."

7.29 In view of above submission, petitioners have prayed to:

- i. Make the payment of principle amount as well as LPS due to the respective Discoms in terms of PPAs.
- ii. The Respondent be directed to establish a regular practice to release all the future payment in prescribed time limit.
- iii. The respondent be directed to pay the cost of the Petition.
- iv. Any other relief which is just and proper may be granted as the Commission may deem fit and proper in the interest of justice.

8. Respondents in their written submissions and during hearing(s) have mainly submitted as under:

8.1. The Respondents submitted that there is no dispute between the Petitioners and the Respondents which requires any adjudication by the Commission and also there is no dispute that respondents are liable to pay the Principle amount of the generated electricity and also the LPS as per the regulations.

8.2. The Respondents submitted that Discoms are making all possible efforts to

release the outstanding dues of all the power generators according to the availability of fund and due to non-availability of the funds only, the payments have not been made and are being delayed. As and when the funds are available, strictly as directed by the commission in the order dated 22.12.2021, the Payments are being made to the generators. As on 22.05.2024 there are no outstanding principal overdue in respect of the wind generators of Jaipur and Ajmer Discom.

- 8.3. The Respondents further submitted that they have not deliberately and willfully deviated from its contractual obligations under the Power Purchase Agreement and payment of Late Payment Surcharge. However, due to the huge financial crisis, payments to extent the of about Rs.6200 crores approximately are due to various electricity generators being power generators through conventional sources or power generators through non-conventional sources including petitioner and electricity transmission companies. Also, since there is no dispute between the parties, the petition under Section 86(1) (f) is not maintainable.
- 8.4. The Respondents also submitted that they are strictly paying in accordance with the order passed by the Commission and there is no dispute. As and when the funds would be available and as per the direction made by the Commission, the payments to the petitioner would be released. Further, the three Distribution Licensees are maintaining supply of electricity in the State. To ensure uninterrupted power supply, it is essential to make payments on priority to the conventional power generators who are supplying major percentage of the total energy being supplied by the Distribution Companies, which are stable and meet base load requirements of the public. The respondents will not be able to maintain the supply of electricity to the consumers if the conventional power plants which are base-load stations are not operated. The consequences of not creating some priority to conventional generators will have a cascading effect. However Discoms are paying to wind generator as per orders of RERC and maintaining priority.

8.5. The Respondents also submitted that they have prioritized payments so as to reduce the financial burden of LPS and avail benefit of rebate. Due to the financial constraints the respondent as well as other Discoms are facing and to resolve the same, in the 17th meeting of the Board of Directors of the Rajasthan Urja Vikas Nigam Ltd held on 14th December, 2017 it was decided to release payments to the power generators at the earliest in the following order of priority;

- a. Principle dues to conventional power a. Principal generators/ Transmission service providers with availing maximum rebate for prompt payment as per PPAS/TSAS.
- b. Conventional Power generators offering extra rebate over and above the PPA subject to approval of the Board.
- c. Principal dues of Non-conventional sources with availing maximum rebate for prompt payment as per PPAS.
- d. Non-conventional sources offering extra rebate over and above the PPA.
- e. Principal dues of the power generators, if any, to avoid incidence of LPS.
- f. Current energy dues of RVUNL/RVPNL.
- g. Principal overdue to RVUNL/RVPNL.
- h. Payment of Late Payment Surcharge at concessional rate.
- i. Payment of LPS as per prescribed rate in PPA.

8.6. The Respondents also submitted that in spite of the severe financial crisis, the Respondents have taken all care and precaution to ensure timely payments and also making efforts to release LPS at the earliest. The delay in releasing the LPS is due to reasons beyond the control of the Respondents.

9. **Written submission on behalf of the Respondents**

9.1. The Respondents submitted that they had intimated to the generators vide letter dated 16.10.2024 & 27.11.2024 for reconciliation, but none of the

authorized representative of the generator has come forward for reconciliation.

- 9.2. The Respondents also submitted their written submission dated 29.01.2025 in respect to the Commission's RoP dated 07.01.2025 , wherein they have submitted a detailed status in respect of the payments segregating in term of Principle amount and LPS amount and outstanding as on 15.01.2025.
10. The matter was finally heard on 16.10.2025. After hearing the parties, order was reserved with liberty to the parties to file their written submissions within two weeks' time.

11. Written Submission on behalf of some of the Petitioners dated 26.10.2025

11.1 The petitioners submitted that in the case of Arora Textile Pvt. Ltd. (petition no. 2199/2024, 2200/2024, 2257/2024 & 2258/2024) the Discom has not even released the Late Payment Surcharge from the year 2017 for which no specific reply has been filed by the Discom. The act of respondent discom of holding the LPS amount from the year 2017 is clearly unfair, unjustified, illegal and in clear and utter violation of the Power Purchase Agreement and provisions of Electricity Act, 2003.

11.2 The petitioners further submitted that during the course of arguments, the respondent discom submitted that the principal amount of the petitioners has been released and they are in process of making the payment of the LPS amount. It is submitted that as per Rule 4 of the Electricity (Late Payment Surcharge & Related Matters) Rules, 2022 all the payments by the distribution licensees shall be first adjusted towards the LPS and thereafter, the monthly charges starting from longest overdue bill. Rule 4 of the Rules of 2022 is quoted as under for ready reference of the Commission:-

"4. Adjustment towards Late Payment Surcharge All payments by a distribution licensee to a generating company or a trading licensee for power procured from it or by a user of a transmission system to a transmission licensee shall be first adjusted towards Late Payment Surcharge and thereafter, towards monthly charges, starting from the longest overdue bill."

Bare reading of the Rule 4 of the Rules of 2022 clearly stipulates that any amount paid by the distribution licensee towards the outstanding dues shall be first adjusted towards the LPS. Therefore, in light of the Rule 4 of the Rules of 2022, the Principal amount is still due and the petitioners are entitled to receive the LPS thereon till the date of realization of the actual amount.

11.3 The Petitioners also submitted that the Late Payment Surcharge forms part of contractual dues in terms of the Power Purchase Agreement. Non-payment or delayed payment of LPS attracts interest or additional surcharge till the actual date of realization. Therefore, the petitioners are entitled to receive additional interest on the LPS from the respondent Discom. Also, the respondent's failure to pay or delay in paying the LPS is in violation of both the Power Purchase Agreement and the statutory Rules framed under the Electricity Act, 2003. The contentions of the respondent discom that the payment of principal amount discharge the liability, is untenable in law. The LPS being an independent financial obligation continuous until fully discharged.

11.4 The petitioners further submitted that the Discoms despite availing energy has consistently delayed payment of invoices beyond the due dates. The corresponding Late Payment Surcharge has either not been paid or has been paid after substantial delay. Therefore, the petitioners are entitled to receive the additional interest on the delayed payment of LPS from the Discom as per the prevailing interest rate notified by the RBI. Non-payment of the LPS constitutes a continue default under the PPA and this is contrary to the Electricity (Late Payment Surcharge & Related Matters) Rules, 2022.

11.5 The petitioners submitted that, the respondent Discoms be directed to release the payment of the Principal and LPS amount as per the conditions of the Power Purchase Agreement. Further the Discoms be directed to make the payment of the LPS along with the additional interest at the prevailing market interest rate. The Discom be further directed to make the timely payment of the invoices raised by the generator, in future, so that the generators would not be compelled to approach the Commission for redressal of their grievance.

12. The respondents vide their written submission dated 07.11.2025, submitted that they have paid principal amount and LPS up to a certain period.

Commission's View

13. The Commission has considered the submissions made by the Petitioners/Respondents in petitions, written submissions and oral arguments during hearing(s).
14. The instant petitions have been preferred by the petitioners under Section 86(1) (f) of the Electricity Act, 2003 seeking payment of invoices for the principal amount for the electricity supplied to the licensee from their respective Power plants along with LPS. Per contra the Respondents Discoms contended that outstanding dues of all generators are being paid as per the Commission order dated 22.12.2021 on priority basis according to the fund available to them and have also contended that as on 22.05.2024, there are no outstanding principal dues in respect of the wind generators of Ajmer and Jaipur Discoms. Other than the LPS, the Petitioners are also seeking additional interest on the outstanding LPS amount.
15. The Commission observes that during the course of hearing dated 08.10.2024, the Commission directed both parties to prepare the sheets indicating the amount payable to them and to complete the reconciliation process under the supervision of Director (F) of the respective discoms. In pursuance of the same, the Respondents intimated the Petitioners to complete the reconciliation process vide letter dated 16.10. 2024 and 27.11.2024 but none of the petitioner representative responded for the same or initiated the reconciliation process.
16. Further, during course of hearing on 07.01.2025, the Commission directed the Respondents to submit a detailed status in respect of the payments made by them segregating in terms of Principle amount and LPS amount. In compliance of the same, the Respondents filed the written submission on 29.01.2025 with details indicating principle amount and LPS amount in respect of each Petitioner. Subsequently, during the course of hearing dated 26.08.2025, the

Respondents admitted that all the payment against principal amount has been paid and they are in process of making payment for LPS dues on priority basis.

17. The Commission observes that the matter was finally heard on 16.10.2025, during which the Respondents had re-affirmed their earlier stance. Noting that the matter has been pending for a long period and that both parties were provided ample opportunities for reconciliation, the Commission directed the parties to file their written submissions within two weeks, after which the order was reserved.
18. In compliance, the Petitioners filed their written submissions on 26.10.2025. In the said submissions, the Petitioners have not disputed the payment of the principal amount made by the Respondents, as raised in the instant Petition. However, they have objected to the methodology adopted for adjustment of the payment made by the Discom. The Petitioners contend that, in accordance with Rule 4 of the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, the outstanding dues ought to be adjusted first against the Late Payment Surcharge (LPS) and thereafter against the principal amount. This is in contrast with the Respondents' claim that they are in the process of making payment of the LPS separately.
19. In view of the foregoing discussion and upon examining the material on record, the issue for consideration is whether the methodology for adjustment of the payments received from the Respondents, towards principal and Late Payment Surcharge (LPS), should be as suggested by the Petitioners. The Commission notes that a similar issue has already been addressed in several matters, including Petition No. 2033/2022 (M/s Wind World Wind Farms (Jaisalmer) Pvt. Ltd. & Ors.) and Petition No. 1960/2021 (M/s Ajeet Seeds Pvt. Ltd. & Ors.). In those cases, the Commission held that the existing methodology adopted by the Respondents does not warrant any interference at this stage. To address the submissions of the Petitioners in the present case, the relevant paragraphs of the order dated 19.07.2023 are reproduced below:

"19. Regarding the other issue which came up for consideration of Commission during course of hearing is regarding implementation of LPS Rules notified by the Government of India. The Commission notes that the issue has been dealt in detail by the Commission in its order dated 10.01.2023 in the matter of JSW Energy (Barmer) Ltd Vs RUVNL, wherein it was held that the Commission is bound by its Regulations and cannot act or go beyond the Regulations framed by it. However, the Commission noted the Petitioners' submissions that MoP, GOI has framed LPS Rules, 2021 and 2022 and noted that the Commission will take an appropriate view regarding amendment in Regulations as and when it deems appropriate after following due procedure. In that order Commission has also clarified that when Commission initiates the process for amendment in the Regulations, it would treat the proposal of Petitioners as a suggestion/input. Petitioners were also given liberty to give more inputs when Commission invites comments/suggestions during the amendment in Regulations.

20. In view of the above, the commission holds that the present methodology adopted by the Respondents requires no interference at this stage.

20. For the forgoing reasons as stated above, Commission is of considered view that the issue is already been settled and the argument advanced on the behalf of the petitioners lacks merit and deserves to be rejected.

21. The Commission also observes that petitioners have also raised the issue of interest on LPS at the prevailing market rate. In this regard, the Commission is of considered view that there is no such provision regarding interest on the LPS in the PPAs. Also, recently, the Hon'ble Aptel in the similar matter in GUVNL Vs Essar Power Limited dated 21.03.2025 held that courts cannot grant compound interest on delayed payments if it is not specifically provided for in the contract. Relevant paras of the judgments is reproduced as under:

"73. The Supreme court in the judgement "D. Khosla & Co. v Union of India (2024) 9 SCC 476, made reference to few other supreme court judgments like "State of Haryana v. S.L. Arora & Co." (2010) 3 SCC 690; "Hyder RERC/2254/2024 Page 46 of 46 Consulting (UK) Ltd. v. State of Orissa", (2015) 2 SCC 189; "UHL Power Co. Ltd. v. State of H.P.", (2022) 4 SCC 116 and held that that courts cannot grant compound interest on delayed payments if it is not specifically provided for in the contract. The relevant extract of D.Khosla (supra) is as under:

"24. In the light of the above legal provisions and the case law on the subject, it is evident that ordinarily courts are not supposed to grant interest on interest except where it has been specifically provided under the statute or where there is specific stipulation to that effect under the terms and conditions of the contract. There is no dispute as to the power of the courts to award interest on interest or compound interest in a given case subject to the power conferred

under the statutes or under the terms and conditions of the contract but where no such power is conferred ordinarily, the courts do not award interest on interest."

In view of the above deliberation, we are unable to concede to the contention of GUVNL that DPC at compound interest should be given."

In view of the specific law laid down by Apex court, the contention of the petitioner on this count cannot be accepted and hence dismissed.

22. The Commission would like to note that the Respondents themselves have accepted that there has been a delay in making payment of the principal amount and Late Payment Surcharge (LPS) by the Discoms due to the financial crisis being faced by them, and that the Discoms have prioritized payments in order to minimize the financial burden arising from LPS. It is, however, undisputed that the issue of timely payment to Solar and Wind generators has already been dealt with in various orders of the Commission, wherein it has been directed that the Discoms shall strictly adhere to the timelines for making payments to Renewable Energy (RE) generators, irrespective of whether they have approached the Commission by filing a petition or not. It is appropriate to cite the relevant paras wherein the similar aspect was dealt.

(i) The relevant paras of the order dtd. 07.12.2020 in petition no. 1477/19 & others is as under:

"18. Commission observes that the Discoms should make payment to the generators in time bound manner without dragging them to legal recourse.

19. Commission would like to record that it is not appropriate on the part of Discoms to drive every generator to file petitions for making payment of principal and LPS. When commission has given clear directions in the earlier cases to pay interest against the delayed payments as per the term of PPA they should follow the said directions scrupulously in all similar cases so that multiplicity of litigations can be avoided. Discoms which have signed the agreement consciously are bound by the agreements, otherwise their credibility will get a dent.

20. Accordingly, we direct Respondent Discoms to verify each of the claims made by wind/solar generators of the State, subject to the claims being within limitation period in accordance with law and the terms of PPA and pay the LPS amount of wind and solar generators of the State by the end of this FY, i.e., 31.03.2021 which is due up to March 20 irrespective of the fact that they have filed a petition or not.

21. The Discoms are further directed to ensure that in future, payments to Solar and Wind Generators shall be made on the first come first serve basis irrespective of the fact that they have filed a petition or not.

22. Commission before parting with these cases desires that the Respondents should make regular arrangements to discharge their liability undertaken in contracts. Discoms shall ensure that confidence of generators are not dented."

(ii) Commission's order dtd. 04.07.2023 in the Petition no. 2054/2022:

"
.....

(i) The respondent(s) should be sensible towards the RE power developers and their reasonable dues/payments should be paid timely, then only RE sector will develop in the state."

(iii) Commission's order dtd. 19.07.2023 in the Petition no. 1960/2021:

"18. Discoms did not dispute this contention of the petitioners rather they have submitted that the delay is because of financial crisis which the Discoms are facing. The respondents further submitted that they have prioritized payments so as to reduce the financial burden of LPS and avail benefit of rebate as per the decision of their Board of Directors in meeting dated 14.12.2017. In this regard, the Commission is of the considered view that the decision of the board of respondents does not have any sanctity in the eyes of Law. As directed earlier in various orders of the Commission, Discoms are to ensure that the payments to Solar & Wind generators shall be made on the first come first serve basis irrespective of the fact that whether they have filed a petition before the Commission or not.

19. In view of above, the Commission orders as under:

(i) The rate of LPS specified in the prevailing regulations for respective control period, shall prevail over the rate of LPS mentioned in the PPA.

(ii) The Commission directs the respondent Discoms to pay entitled principal amount, if any, as sought in respective petitions along with LPS due to the petitioners within 45 days from the date of this order, if not already paid and submit compliance report before the Commission."

(iv) The Commission's order dtd. 16.11.2023 in the Petition no. 1960/ 2021:

"13. After considering the rival submissions, the Commission notes that the submission of the Respondents regarding financial constrain cannot be admitted as an excuse to run away from their responsibility to make payment in time bound manner. The Commission in its various orders noted that

continuous failure of Respondent to make timely payment would be extremely difficult for survival of RE generators in the state. Discoms are to ensure that the payments to Solar & Wind generators shall be made on the first come first serve basis irrespective of the fact that whether they have filed a petition before the Commission or not."

23. The The Commission notes that some Petitioners have also requested that the Respondent be directed to ensure timely payment of both the principal amount and the Late Payment Surcharge (LPS) in future. The Commission concurs with the submissions of the Petitioners in this regard.
24. The Commission further observes that, in the current scenario of rapid energy transition, Renewable Energy (RE) developers are emerging as a key pillar of the power sector. To attract and retain such investors, the Government of India (GoI), Government of Rajasthan (GoR), and Regulatory Commissions are formulating policies and regulations that are increasingly effective and investor-centric. The Commission also finds that delay in payments to RE generators not only creates uncertainty for them but also threatens their financial viability. Such an outcome would be contrary to the very objective of the Electricity Act, 2003, which mandates to promote the Renewable Energy.
25. Therefore, the Commission, deems it necessary to reiterate that, henceforth, the Discoms must make their best efforts to release timely payments to RE generators. The Discoms are directed to strictly adhere to the Commission's instructions and ensure timely payment in accordance with the applicable Regulations and Orders.
26. Some of the Petitioners have further requested that costs be imposed on the Respondent for the repeated and undue delay in making payments. After examining the submissions and the overall circumstances of the case, the Commission is of the considered view that the present matter does not warrant the imposition of costs.
27. In view of above, the Commission orders as under:
 - a. The Commission directs the respondent Discoms to pay entitled principal

amount, if any, as sought in respective petitions due to the petitioners within 45 days from the date of this order, if not already paid and submit compliance report before the Commission.

b. The Commission directs the respondent Discoms to pay entitled LPS amount due, if any, within 45 days from the date of this order, if not already paid and submit compliance report before the Commission.

c. The rate of LPS shall be as per relevant regulations for the respective control period.

28. The matter is disposed in above terms with no order as to cost.

(Hemant Kumar Jain)
Member

(Dr. Rajesh Sharma)
Chairman